

COUNTY OF NEWAYGO, MICHIGAN



ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2008

COUNTY OF NEWAYGO, MICHIGAN
Annual Financial Report
For the Year Ended September 30, 2008

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INTRODUCTORY SECTION

COUNTY OF NEWAYGO, MICHIGAN
List of Elected Officials
September 30, 2008

COMMISSIONERS

Julia Bird, District 1
Chuck Trapp., District 2
Stanley J. Nieboer, District 3
Bob VanBelzen., District 4

Adam Wright, District 5
Pat Gardner, District 6
Daniel Powell, District 7

COUNTY OFFICIALS

Laurel J. Breuker, Clerk
Holly Moon, Treasurer
Norman L. Ochs, Surveyor
Cynthia J. Sullivan, Drain Commissioner

Chrystal Roach, Prosecutor
Linda M. Landheer, Reg. of Deeds
Michael S. Mercer, Sheriff

DISTRICT COURT JUDGE

H. Kevin Drake

CIRCUIT COURT JUDGES

Anthony A. Monton, Chief Judge
Terrance R. Thomas

PROBATE COURT JUDGE

Graydon W. Dimkoff



Office of Administration

P.O. BOX 885
1087 NEWELL
WHITE CLOUD, MICHIGAN 49349
FAX (231) 689-7205

January 23, 2009

Board of Commissioners and the citizens of Newaygo County:

The Comprehensive Annual Financial Report of the County of Newaygo, Michigan, for the fiscal year ended September 30, 2008 is submitted herewith. The financial statements included in this report have been audited by Rehmann Robson, an independent firm of certified public accountants. The report is prepared for the purpose of disclosing the county's financial condition to its residents, elected officials, and other interested parties.

The financial statements have been prepared in compliance with applicable state statutes and Generally Accepted Accounting Principles (GAAP) as stated in the Governmental Accounting Standards Board statements and interpretations. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the county. As management, we believe that the data, as presented, is accurate in all material aspects, and that it is presented in such a manner as to fairly set forth the financial position and results of operations of the county as measured by the financial activity of its funds.

The independent audit of the financial statements of the County of Newaygo was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the County of Newaygo's separately issued Single Audit Report.

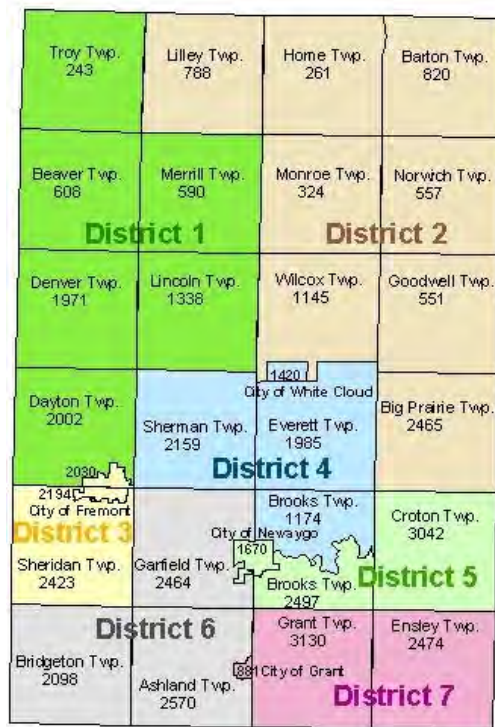
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County of Newaygo's MD&A can be found immediately following this letter.

NEWAYGO COUNTY AND ITS SERVICES

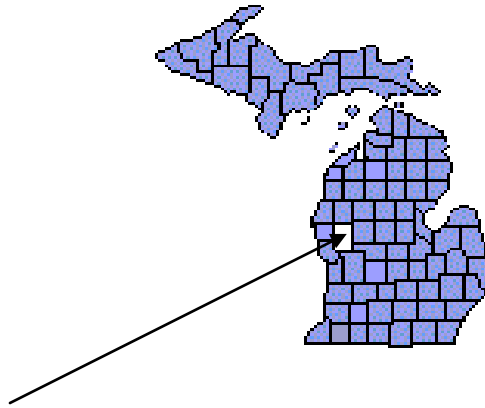
General Information

Until 1836, the Newaygo area was inhabited by mainly Native Americans. The lumbering industry took its foothold in the territory at this time and began drawing people into the area. In 1851, Newaygo became an official county of the State of Michigan. The estimated 2007 population was 49,171 with fluctuation based upon economic forces. Newaygo County encompasses an area of approximately 842 square miles and is located in the western Lower Peninsula. The county is comprised of 4 cities, 1 village, and 24 townships.

Newaygo County by Commissioner



The county's 234 natural lakes and ponds, 356 miles of rivers and streams, and 349,132 acres of forest land, allow Newaygo County to continue to be a prime area for recreational activities including hunting, fishing, canoeing/boating, hiking and camping. The county is also located in close proximity to the Cities of Muskegon and Grand Rapids, and has recently become a part of the Grand Rapids Metropolitan Statistical Area.



Newaygo County

The Board of Commissioners is the governing board and policy-making body of the County of Newaygo. While many of its powers, duties and responsibilities are prescribed by law, and diffused through the wide-spread use of commissions, boards, committees, and independently elected county officials, the board is in charge of approving county policy and the budget, as well as oversight of the County Administrator. The County Administrator is responsible for carrying out the policies, motions, resolutions and ordinances of the Board of Commissioners; for overseeing day-to-day operations of the governmental unit; and for appointing and supervising the heads of various departments. The Board of Commissioners is a seven-member board that is elected from single-member districts, determined by population, to two-year terms on a partisan basis. From within its ranks, the board elects a Chairman and Vice-Chairman.

The financial reporting entity of the County of Newaygo includes all funds and account groups of the primary government as well as many of its component units. Component units are legally separate entities for which the primary government is financially accountable. The County provides a full range of services that are either mandated by State statute, or authorized by the County Board of Commissioners. These services include legislative, judicial, public safety, public works, health, welfare, cultural, recreational, capital improvements, and general administrative services including vital statistics and record keeping for births, deaths, and property.

The county adopts its annual budget in accordance with the State Uniform Budgeting and Accounting Act. The general, special revenue and debt service funds are under formal budgetary control. All departments and budgetary centers of the county are required to submit budget requests to the County Administrator. The Administrator then develops and presents a proposed budget to the Board for review. The Board generally holds public hearings in August and a final budget is approved prior to September 30, the close of the county's fiscal year. The appropriated budget is prepared by activity and line-item within each fund and department. Budget amendments and transfers of appropriations less than \$25,000 require Administrator approval. Board approval is required for all others.

ECONOMIC OVERVIEW OF NEWAYGO COUNTY

Newaygo County's economy, like the rest of the State of Michigan, struggled in 2008. Unemployment rates rose, as Michigan and the rest of the nation were hit by manufacturing layoffs and plant closures. Property values witnessed only minimal increases due to dramatic increases in the numbers of foreclosures and a drop in the housing market, while population figures dropped slightly as a result of migration to areas with more opportunities for gainful employment.

In spite of these economic challenges, Newaygo County has fared remarkably well in the economic downturn that has decimated Michigan over the past three years. In general, although Michigan, as well as the rest of the nation, continues to face major economic obstacles, the losses to Newaygo County have been mitigated by less reliance on the manufacturing and automotive sectors and greater dependence on agribusiness.

Some of the highlights of the year include: the economic condition of the county is strong,

- Addition of new, in-county manufacturing jobs
- Minimal decrease in the number of residents with out-county jobs
- Creation of a Convention and Visitors Bureau to increase tourism
- Strong retention of existing manufacturing jobs
- Minimal drops in equalized valuations

Agriculture as a Key Industry

For Newaygo County, and many of our rural counties throughout the state, agriculture is a key industry. Agriculture is the biggest industry in Newaygo County, with tourism being a close second. Annually, Newaygo County farms produce over \$60 million in sales, nearly three times the rate of the state on a per capita basis. In addition, the county's single largest employer is engaged in agricultural food processing and it is estimated that at least 20 percent of Newaygo County's direct economic output is tied to the agriculture. The indirect impact of the dollars circulating through the economy raise the percentage even higher.

Gerber Products, known throughout the world for baby food, is the county's largest employer and is in the agricultural food processing business. Gerber began as a family owned business in Fremont, Michigan in 1928. In the fall of 2007 Gerber Products, headquartered in New Jersey, was sold by Novartis, a multi-national corporation headquartered in Switzerland, to Nestle, the world's largest food company. They employ over 1,200 workers, including Gerber Life Insurance.

Population

Newaygo County has been and continues to be one of the fastest growing counties in the nation and State of Michigan, based upon the 2000 census. From 1990 to 2000, the population of Newaygo County grew from 38,206 to 47,874, an increase of 9,668 or 25.3 percent. It is important to note, that during the 1990's, only 249 counties in the U.S. (out of 3,141) grew at a faster rate and added more people than Newaygo County. In Michigan, only two counties grew faster and added more people during this period.

Recent estimates put the 2007 population of Newaygo County at 49,171. This is an increase of 2.7 percent since the 2000 Census and represents a growth rate that is more than twice as fast as the state, and just slightly below the nation. The strong population growth of the past 10+ years is reflective of the outstanding quality of life that Newaygo County offers.

Employment

Employment trends in Newaygo County continue to be positive especially in light of the continued slump in the manufacturing sector across the nation and within the state.

During 2007 employment based on residence in Newaygo County remained flat at a level of 21,900. The number of unemployed residents rose by 125 during the year. The combination of flat job growth and an increase in the number of unemployed persons lead to a slight increase in the County's unemployment rate from 7.2 percent in 2006 to 7.5 percent in 2007. Newaygo County's unemployment rate in 2007 remained slightly above the state and national rate of 7.2 percent and 4.6 percent, respectively. From 1999 to 2007, in contrast, employment grew by 13 percent in Newaygo County as compared to a 9 percent increase for the nation and a 5 percent decrease for the State of Michigan.

Given Newaygo County's close proximity to major employment centers in Grand Rapids and Muskegon, it is not surprising that almost half of the labor force living in Newaygo County work outside the county borders. Although some of this can be attributable to people moving to Newaygo County and keeping their jobs in other employment centers, job growth as measured by the place of business has been very strong in Newaygo County over the last 10+ years. A study by Wayne State University showed that of the State of Michigan's 83 counties, Newaygo County was one of only 19 (9th overall) to add jobs from 2000 to 2003.

Since 1999, manufacturing employment in the United States has fallen by about 25 percent and has dropped 37 percent in the State of Michigan. In contrast, manufacturing in Newaygo County has fallen just 9 percent during this same period. However, given this slight drop, manufacturing employment in Newaygo County still remains at or above 1990 levels. These items are attributable to a diversified manufacturing base and a strong retention program. Manufacturing

employment within the county has been bolstered by concentrating on the manufacture of goods that weren't hit as hard by the recent economic downturn and also by a strong retention program through the Newaygo County Economic Development Office (NCEDO) in partnership with state and local officials.

Employment performance in Newaygo County can be summarized as follows:

- Impressive employment growth as measured by both place of residence and place of business
- Strong overall manufacturing trends
- Relatively high, but declining, unemployment rate that is primarily due to strong local labor force growth over the last few years.

Major Employers

<i>Employer</i>	<i>City</i>	<i>Product/Service</i>	<i>Employees</i>
Gerber Products	Fremont	Baby Food	1,100
Gerber Memorial Health Services	Fremont	Health Care Services	550
Magna Donnelly Corporation	Newaygo	Automotive Doors & Mirrors	505
Dura Automotive	Fremont	Metal Stampings & Assemblies	375
Wm Bolthouse Farms	Grant	Vegetables	250 Seasonal
County of Newaygo	White Cloud	County Government	200
Wal-Mart	Fremont	Retail Department Store	195
Gerber Life Insurance Company	Fremont	Life Insurance	165
Newaygo Medical Care Facility	Fremont	Health Care Services	150
North American Refractories	White Cloud	Refractory Products & Furnace Linings	125
Pine Medical Group	Fremont	Health Care Services	110
Transitional Health Services	Fremont	Health Care Services	105
Valspar (Lilly) Industries	Fremont	Lubricants & Oil Additives	100
TOTAL EMPLOYERS	13	TOTAL EMPLOYEES	3,830

Source: Michigan Works! West Central

Property Values

According to the State of Michigan Department of Treasury, equalized values (50 percent of full market value) increased by 3.6 percent in Newaygo County in 2008 compared to 1 percent decrease for the state. Since 2000, equalized values in Newaygo County have grown 80.4 percent, significantly higher than the state growth rate of 57.5 percent.

Equalized values on a per capita basis were \$40,187 in 2007, compared to \$44,987 for the state. However, much of the differential between Newaygo County and the state is in commercial and industrial property values and is fairly typical for a rural county. Commercial development typically follows population growth and Newaygo County is beginning to see an increase in commercial developments. In recent years, a new Wal-Mart Super Center has been built in Fremont and several new multi-use developments are underway in the City of Newaygo.

Technology

Newaygo County is fortunate to be one of the most technologically advanced rural areas in the country. A fiber optic cable telecommunication network exists that supports data, video, and voice communication capabilities that are available to all county residents. The network connects schools, municipal buildings, libraries, the hospital, private non-profit agencies, and area businesses making accessible universal internet connectivity, technology labs, two-way interactive video classrooms, and telecommunications services. In addition, broadband internet connections are available in most areas of the county through cable, DSL and wireless service.

Future Prognosis

Recovery from the state recession that started in the first quarter of 2001 has been delayed in part due to uncertainties stemming from the war in Iraq, including the possibility of terrorists' attacks here in the U.S., and the increasing price of oil, as well as fundamental changes in the way goods are manufactured. There are four main factors that could further affect the state's economy over the next few years: 1) continuing conflict in the Middle East; 2) minimal consumer spending; 3) delays in revamping from a manufacturing state to a knowledge-based services state; and 4) a continued stagnate estate market.

The federal and state budget deficits continue to remain at a crisis level and therefore the shifting of activities and requirements to the local level continues to be an issue. Newaygo County continues to experience a significant loss in support, but not a reduction in requirements regarding the delivery of services. The elimination of State Revenue Sharing and other reductions at both the state and federal levels have had disastrous effects on local governments throughout the state and Newaygo County certainly has felt these changes.

However, the difficult decisions in the past years, relative to reductions in spending and other proactive fiscal policies by the Board of Commissioners and Administration have begun to lay the ground work for a viable future for the county. Although the state has given mixed signals regarding the reimplementation of revenue sharing for counties, the county has already begun to reduce costs and streamline services in preparation for the possibility that the funding will not be replaced. Although these changes will take years to fully implement and come to fruition, management is confident that they will help make the County of Newaygo more efficient and better suited to continue to provide public services on the limited resources anticipated in the future. Unfortunately, one thing is certain, should revenues continue to decrease, inevitably, corresponding reductions in services will follow.

MAJOR INITIATIVES

Facility and Equipment Improvements

In the past year, the County has either funded or is in the process of funding several equipment or facility initiatives:

- Acquisition of Diamond Lake Park at cost of \$1,171,000.
- Purchase of 3 radios for Sheriff's Posse at cost of \$4,521.
- Purchase of fence and gate for Jail archives at cost of \$2,216.
- Purchase of exterior light for County Campus at cost of \$8,570.
- Remodel of DBH Building for Emergency Operations Center at cost of \$7,026.
- Purchase of 25' poles for lighting project at cost of \$5,200.
- Purchase of 4 new computers at cost of \$8,876.
- Purchase of DVR system for Sheriff's Department at cost of \$9,340.
- Purchase of utility trailer for Parks Department at cost of \$3,490.

- Critical improvements and repairs to the pump at Hardy Marina at a cost of \$10,225.
- Purchase of scanner, server, and microfilm reader/printer for Register of Deeds at cost of \$11,459.
- Purchase of one (1) bus and two (2) vans with conversion packages for Commission on Aging at cost of \$112,369.
- Purchase of rooftop HVAC unit for Courthouse Building at cost of \$8,625.
- Purchase of seven (7) new vehicles for motor pool at cost of \$134,208.
- Purchase of lawn mower with deck at cost of \$10,000.
- Purchase of water heater for Jail at cost of \$5,098.

Technology Updates and Program Improvements

In the past year, the County has either funded or is in the process of funding several technology updates and program improvements:

- Purchase of digital video systems and server/backup hardware for the Sheriff Department at a cost of \$101,494.
- Update of the County Clerk's Vital Records System at a cost of \$11,300.
- Continued replacement of the county's computers on a 5 year rotation.

Respectfully submitted,



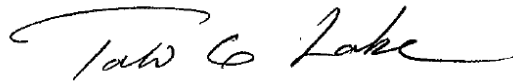
Tobi G. Lake
County Administrator

**STATEMENT OF MANAGEMENT'S
RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Responsibility for the integrity of the financial data presented rests with the County. I believe the data to be accurate in all material aspects. These financial statements are prepared in accordance with Generally Accepted Accounting Principles applicable to county governments and State statutes.

The County maintains a system of internal controls to provide reasonable assurance that the books and records reflect authorized transactions of the County.

Rehmann Robson, the County's independent certified public accountants, have audited the accompanying financial statements, and the supplemental financial information has been subjected to the auditing procedures applied in their audit. Rehmann Robson's opinion is included in the financial section of this report.

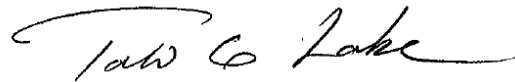


Tobi G. Lake
Administrator

ACKNOWLEDGEMENT

I would like to express our gratitude to all members of the Newaygo County Board of Commissioners for their interest and support in planning and conducting financial operations of the County of Newaygo in a responsible and progressive manner.

Sincerely,

A handwritten signature in black ink, reading "Tobi G. Lake". The signature is fluid and cursive, with a large initial "T" and "L".

Tobi G. Lake
Administrator

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

January 23, 2009

The Board of Commissioners
County of Newaygo, Michigan
White Cloud, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Newaygo, Michigan** (the "County"), as of and for the year ended September 30, 2008, which collectively comprise the basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note I.A. to the financial statements, management has elected to omit the financial position and results of operations of the Newaygo County Road Commission and Medical Care Facility from the County's financial statements. Accounting principles generally accepted in the United States of America require that these two entities be included in the County's financial statements as discretely presented component units. The amount by which this departure would affect the assets, net assets, and revenue of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the Newaygo County Road Commission and Medical Care Facility, as described above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the County of Newaygo County, Michigan as of September 30, 2008, or the changes in financial position for the year then ended.

Finally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Newaygo, Michigan, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2009, on our consideration of the County of Newaygo, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters in a separately issued single audit report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Newaygo, Michigan. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The Introductory Section, as listed in the table of contents, was not audited by us and, accordingly, we do not express an opinion on it.

As discussed in Note IV.H to the financial statements, during the year ended September 30, 2008, the County changed its policy for recognizing interest and penalties related to delinquent property taxes receivable. This resulted in an increase in net assets to business-type activities as of October 1, 2007.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the County of Newaygo, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ii-x, of this report.

FINANCIAL HIGHLIGHTS

- 1 The assets of the County exceeded its liabilities at the close of the 2007-2008 fiscal year by \$27,028,379 (net assets). Of this amount, \$17,154,258 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- 2 When utilizing the Non-GAAP Budgetary Basis, at the end of the 2007-2008 fiscal year, unreserved and undesignated fund balance for the general fund was \$2,090,428 or 15% of expenditures (including operating transfers). The amount for fiscal year 2006-2007 was \$1,877,215 (15%); 2005-2006 was \$1,165,474 (9.7%); and 2004-2005 was \$1,074,508 (8.3%). This amount marks the fourth consecutive year of increases to the undesignated fund balance of the general fund without the use of delinquent property taxes.
- 3 As of the close of the 2007-2008 fiscal year, the County's governmental funds reported combined ending fund balances of \$7,536,048. Approximately 89% of this total amount or \$6,669,750 is available for spending at the government's discretion (unreserved and undesignated fund balance). These amounts represent a decrease from the 2006-2007 fiscal year, due to the use of \$907,579 from the Revenue Sharing Reserve Fund.
- 4 The 2007-2008 fiscal year audit classifies billed, but unpaid property taxes as deferred revenues. Therefore, there are significant changes in the fund balances of the General Fund when compared to previous years and a budgetary/accounting basis reconciliation has been included for clarification.
- 5 At the end of the 2007-2008 fiscal year, unreserved and undesignated fund balance for the general fund according to the GAAP basis was \$1,335,359 or 10% of total general fund expenditures (including operating transfers).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of five components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, (3) Component Unit Financial Statements, and (4) Notes to the Financial Statements (5) Other Information. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Newaygo County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, recreation and culture, community and economic development, and other functions. The business-type activities include the administration of the delinquent property tax system, public works projects, and the building authority.

The government-wide financial statements include not only the County itself (known as the primary government), but also includes three legally separate entities: Newaygo County Central Dispatch Authority (E-911), the Drain Commission, and the Brownfield Redevelopment Authority. Financial information for the component units are reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the general, county jail, and revenue sharing reserve funds, each of which is considered to be a major fund. The nonmajor governmental funds are split into debt service, capital projects, a permanent/cemetery trust, and several special revenue funds. Data for the nonmajor funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general, special revenue, debt service, capital projects and permanent funds. Budgetary comparison statements or schedules have been provided herein for the special revenue funds to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 17-25 of this report.

Proprietary funds. The County maintains two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds report the same functions as business-type activities in the government-wide financial statements. The County maintains six enterprise funds. The 2005 and prior delinquent tax fund, 2007 delinquent tax fund, and the sanitary sewer construction fund are classified as major funds. The remaining 3 are nonmajor funds and are used to account for the delinquent tax funds for 2006, P.A. 123, and the building authority.

The County maintains internal service funds to account for and allocate costs internally among the County's various functions. The County uses 23 internal service funds to account for functions such as economic development, building demolition, information services, duplicating, drains, purchasing, telecommunications, motor/equipment pool, food services, building and grounds, contingencies, campus security and protected self-funded benefits and insurances (both liability and employee fringe benefits and insurances). Because these services predominantly benefit governmental functions, they have been included with governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 26-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 30 of this report.

Component Unit Financial Statements. Component units are legally separate entities for which the County is financially accountable. Although Newaygo County has six component units, due to the lack of available financial data, the County has elected to omit both the Newaygo County Road Commission and the Newaygo County Medical Care Facility. In addition, given the Building Authority's existence as part of the government's operations it has been presented as a blended component unit.

The remaining three component units, The Newaygo County Drain Commission, The Newaygo County Brownfield Redevelopment Authority, and the Newaygo County Central Dispatch Authority are discretely presented.

The Newaygo County Central Dispatch Authority was created by resolution of the County Board of Commissioners. It establishes policy and operates the emergency-911 service for the County Board of Commissioners. The Authority has a September 30 year end, and is financially accountable to the County.

The Newaygo County Brownfield Redevelopment Authority was created to facilitate the preservation of environmentally distressed areas and to promote the revitalization and reuse of underused, abandoned or contaminated sites within the county. It is financially accountable to the County and its budgets and expenditures are approved by the County.

Pursuant to the Michigan Drain Code of 1956 all drain districts are legally separate entities and are financially accountable to the County. Therefore, the various drainage districts, the drain revolving fund and the different lake associations are listed under the Drain Commission as a discretely presented component unit.

The component unit financial statements can be found on pages 31-32 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-56 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This is limited to combining statements and schedules. Combining and individual fund statements and schedules can be found on pages 57-123 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Newaygo County, assets exceeded liabilities by \$27,028,391 at the close of the most recent fiscal year.

Newaygo County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 15,737,155	\$ 15,288,500	\$ 19,288,440	\$ 17,832,764	\$ 35,025,595	\$ 33,121,264
Capital assets, net	14,863,890	14,096,557	4,453	6,234	14,868,343	14,102,791
Total assets	30,601,045	29,385,057	19,292,893	17,838,998	49,893,938	47,224,055
Liabilities						
Long-term liabilities	11,561,071	12,055,453	6,674,180	7,094,180	18,235,251	19,149,633
Other liabilities	1,085,560	1,161,594	3,544,748	2,944,636	4,630,308	4,106,230
Total liabilities	12,646,631	13,217,047	10,218,928	10,038,816	22,865,559	23,255,863
Net assets						
Invested in capital assets, net of related debt	3,903,890	2,656,557	4,453	6,234	3,908,343	2,662,791
Restricted	5,965,778	6,502,283	-	-	5,965,778	6,502,283
Unrestricted	8,084,746	7,009,170	9,069,512	7,793,948	17,154,258	14,803,118
Total net assets	\$ 17,954,414	\$ 16,168,010	\$ 9,073,965	\$ 7,800,182	\$ 27,028,379	\$ 23,968,192

The largest amount of County assets is cash and investments with capital assets a very close second. This level of cash and investments is considered favorable as most entities report capital assets as their largest asset.

Capital assets include land, buildings, vehicles and equipment. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt should be provided from other sources, since the capital assets themselves cannot readily be used to liquidate these liabilities.

In addition to the net assets invested in capital assets, net of debt, certain other restrictions on the use of net assets apply due primarily to legal guidelines. These restricted net assets total \$5,965,778. The remaining balance of unrestricted net assets (\$17,254,270 or 64%) may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Activities

Newaygo County's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program revenues:						
Charges for services	\$ 6,191,375	\$ 5,930,448	\$ 1,766,076	\$ 1,530,305	\$ 7,957,451	\$ 7,460,753
Operating grants and contributions	5,170,877	4,199,980	-	-	5,170,877	4,199,980
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	9,988,575	11,517,352	-	62,194	9,988,575	11,579,546
Grants and contributions not restricted to specific programs	441,797	334,841	-	-	441,797	334,841
Unrestricted investment earnings	410,165	669,940	313,571	363,494	723,736	1,033,434
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	<u>22,202,789</u>	<u>22,652,561</u>	<u>2,079,647</u>	<u>1,955,993</u>	<u>24,282,436</u>	<u>24,608,554</u>
Expenses						
Legislative	310,077	301,992	-	-	310,077	301,992
Judicial	3,367,336	3,312,533	-	-	3,367,336	3,312,533
General government	4,395,213	4,296,425	-	-	4,395,213	4,296,425
Public safety	6,347,121	6,222,971	-	-	6,347,121	6,222,971
Public works	(81,166)	50,866	-	-	(81,166)	50,866
Health and welfare	5,229,082	8,137,678	-	-	5,229,082	8,137,678
Recreation and cultural	341,492	342,021	-	-	341,492	342,021
Other governmental activities	418,933	339,199	-	-	418,933	339,199
Interest on long-term debt	469,324	485,342	-	-	469,324	485,342
Delinquent tax collections/forfeitures	-	-	422,168	262,796	422,168	262,796
Building authority	-	-	152,601	111,293	152,601	111,293
Public works projects	-	-	275,316	288,844	275,316	288,844
Total expenses	<u>20,797,412</u>	<u>23,489,027</u>	<u>850,085</u>	<u>662,933</u>	<u>21,647,497</u>	<u>24,151,960</u>
Change in net assets before transfers	1,405,377	(836,466)	1,229,562	1,293,060	2,634,939	456,594
Transfers	<u>381,027</u>	<u>752,310</u>	<u>(381,027)</u>	<u>(752,310)</u>	<u>-</u>	<u>-</u>
Change in net assets	1,786,404	(84,156)	848,535	540,750	2,634,939	456,594
Net assets, beginning of year	<u>16,168,010</u>	<u>16,252,166</u>	<u>8,225,430</u>	<u>7,259,432</u>	<u>24,393,440</u>	<u>23,511,598</u>
Net assets, end of year	<u>\$ 17,954,414</u>	<u>\$ 16,168,010</u>	<u>\$ 9,073,965</u>	<u>\$ 7,800,182</u>	<u>\$ 27,028,379</u>	<u>\$ 23,968,192</u>

The Statement of Activities shows that the primary government's net assets increased by \$2,634,951 in 2008. This increase is due primarily to the addition of Diamond Lake Campground and reductions in expenditures.

It is important to note, that in accordance with State statute, the County has shifted the general operating tax levy from the winter to the summer (July). The shift started with a 1/3rd levy in July 2005 and was completed in July 2007. This shift created the revenue sharing reserve fund equal to a full year's tax levy. The fund is a restricted aggregate of funds to be drawn from annually, in lieu of state shared revenue sharing. The county anticipates drawing from the fund until its exhaustion in 2011. Although net assets overall increased, the increase includes a decrease in net assets for restricted funds to reflect the annual draw brought about by this funding change.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier the County of Newaygo uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the County's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in accessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The County general fund is the chief operating fund of the County. When utilizing the Non-GAAP Budgetary Basis, at the end of the 2007-2008 fiscal year, the County's ending fund balance for the general fund was \$2,098,521. Of that amount \$8,093 is reserved and \$2,090,428 is unreserved and undesignated.

When the funds are looked at individually, we find the general fund added \$210,813 (non-GAAP budgetary basis) and \$132,666 (GAAP basis), respectively to fund balance. Nonmajor funds increased their collective fund balances (GAAP basis) by \$363,199 from \$3,086,671 at the beginning of the year to an ending balance of \$3,449,870.

Revenue

Program charges for services

Program charges for services in the governmental funds totaled \$5,732,929. The amount was generated by general fund charges of \$2,424,025, county jail fund charges of \$1,861,335, and nonmajor fund charges of \$1,447,569. The total marks an increase from the previous year of \$318,539.

Program operating grants and contributions

A major portion of this activity is generated in the general fund consisting of the court equity funds and of the special revenue fund amounts like friend of the court, community development, child care and social services. Program operating grants and contributions increased \$970,897 over the previous fiscal year.

Property taxes

On a budgetary basis, taxes totaled nearly \$10 million in 2008, compared with \$11.5 million in 2007, \$10.6 million in 2006, \$9.7 million in 2005 and \$7.2 million in 2004. The aggregate amount has decreased since the county is no longer required to levy 1/3rd of the general fund's millage as was required in each of the fiscal years: 2005, 2006 and 2007. The property taxes for the general fund increased 2.8% or \$203,639.

Investment earnings and rentals

Investment earnings and rental within the general fund have witnessed a steady increase in each of the past three years \$235,830 (2006), \$335,655 (2007), and \$383,103 (2008). These increases were attributable to renewed efforts to maximize the return on investments.

Expenditures

Legislative Expenditures

Legislative expenditures were \$310,395.

Judicial Expenditures

Judicial expenditures were \$3,425,222 which included general fund expenditures and nonmajor other governmental funds. The main components of the expenditures were:

General Fund	\$2,539,674
Non major	\$885,548

The judicial expenditures were 19% of the total expenditures for the general fund (including operating transfers). The percentage is a drop from the previous year, but when nonmajor fund expenditures are factored, the aggregate is consistent with the previous years' totals.

General Government Expenditures

General government expenditures were \$3,785,409. Within the general fund the general government category totaled \$3,552,789, equating to 26% of the total expenditures (including operating transfers). This presented total is a 2% drop from the previous year. Some of the departments included within the general government category include the Prosecutor, Administrator, Accounting, County Clerk, Budget, Treasurer, Equalization, Personnel, and Payroll. The largest expenditure within the general government category is the Prosecutor at \$720,920 approximately 20% of the total.

Public Safety Expenditures

Public safety expenditures totaled \$6,650,129 of which \$797,340 was in the general fund and \$3,066,744 was in the jail fund. The aggregate amount of \$2,786,045 in the nonmajor governmental funds represent the Mounted Division at \$3,420; Crime Victim's Rights at \$52,764; Sheriff's Road Patrol in the amount of \$1,628,256; the Law Enforcement fund at \$99,976; the Building Inspection Department at \$332,332; the Animal Control Department at \$171,617; the Transportation Fund for the Jail at \$167,920; The Drug Law Enforcement fund at \$78,813; County Jail Trustee Management at \$124,349; and Emergency Services at \$126,598.

Public Works Expenditures

Public works expenditures were \$36,548. The public works expenditures reflect a decrease in expenditures from the previous year of \$159,741.

Health and Welfare Expenditures

Health and welfare expenditures totaled \$5,321,745. The general fund amount was \$792,625; the expenditure items in that category involved the Commission on Aging at \$1,794,747, Social Services at \$604,039, the Child Care fund at \$1,925,274, Gypsy Moth Suppression at \$684, Soldiers' Relief at \$203,141, and Veteran's Trust at \$692.

Community and Economic Development Expenditures

Community and economic development expenditures were \$426,419 which includes programs related to economic development, energy grants, planning and zoning, land use, and senior citizens handicap grants and loans. These programs relate to either housing projects for senior citizens and low income individuals, activity to expand the economic activity within the County, or land use and planning issues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund amended budget revenues reflect anticipated revenue as a result of a change in State statute. Just prior to the beginning of the 2004-2005 fiscal year, legislation was passed that eliminated state revenue sharing payments and required a shifting of the tax levy. The legislation mandated a full winter levy in December of 2004 and a one-third levy in July of 2005. Every year after an additional one-third levy was moved, until 2007, when the entire levy was on the summer tax levy. The mandate called for a cut in revenue sharing payments and the establishment of a designated fund for the extra three one-third levies. The amended budget reflects the County's reactions to those items.

Given that the County makes numerous budget amendments throughout the year based upon the validity of the anticipated revenues and expenditures, budget variances or amendments for the 2007-2008 fiscal year were attributable to revenues being larger than anticipated and expenditures being less. A few significant variances worth noting are listed below:

- Conservative budgeting of property tax revenues resulted in nearly \$150,000 of additional revenue over the amended budget.
- The Jail received \$182,183 more in funding under charges for services, due to a slight increase in the daily county of federal inmates.
- The Circuit Court had approximately \$43,000 less in expenditures than the amended budgeted due to various personnel moves and transfers within the department.
- Many departments had savings in their expenditures due to routine attempts to cut costs and hold the level of expenditures.

In the coming years, recent changes in the State of Michigan statutes will make it more difficult to budget the amount of anticipated property taxes. Annual budgets will be forced to predict the taxable value and subsequent Headlee Rollback well over a year prior to the numbers being known. This will cause more conservative estimates of the anticipated property tax revenue and a greater disparity between the budgeted and actual figures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2008 amounted to \$14,868,343 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, and vehicles.

Some of the capital assets include:

- Acquisition of Diamond Lake Campground at a cost of just over \$1.1 million.
- Critical improvements and repairs to the pump at Hardy Marina at a cost of \$10,225.
- Purchase of 3 radios for Sheriff's Posse at cost of \$4,521.

- Purchase of fence and gate for Jail archives at cost of \$2,216.
- Purchase of exterior light for County Campus at cost of \$8,570.
- Remodel of DBH Building for Emergency Operations Center at cost of \$7,026.
- Purchase of 25' poles for lighting project at cost of \$5,200.
- Purchase of 4 new computers at cost of \$8,876.
- Purchase of DVR system for Sheriff's Department at cost of \$9,340.
- Purchase of utility trailer for Parks Department at cost of \$3,490.
- Purchase of scanner, server, and microfilm reader/printer for Register of Deeds at cost of \$11,459.
- Purchase of one (1) bus and two (2) vans with conversion packages for Commission on Aging at cost of \$112,369.
- Purchase of rooftop HVAC unit for Courthouse Building at cost of \$8,625.
- Purchase of seven (7) new vehicles for motor pool at cost of \$134,208.
- Purchase of lawn mower with deck at cost of \$10,000.
- Purchase of water heater for Jail at cost of \$5,098.

County of Newaygo's Capital Assets – Governmental Activities
(Net of Depreciation)

	<u>2007-2008</u>	<u>2006-2007</u>	<u>2005-2006</u>	<u>2004-2005</u>
Land and land improvements	\$ 2,386,611	\$ 1,221,284	\$ 1,241,871	\$ 1,259,331
Buildings and construction	11,315,955	11,669,346	10,509,914	10,467,570
Office equipment	821,852	907,357	862,999	991,338
Vehicles	339,472	298,570	191,344	200,152

Additional information on the County's capital assets can be found in note I.D.4 on page 38 and note III.E on pages 46-48 of this report.

Long-term debt

At the end of the current fiscal year, the County had outstanding bonds in the amount of \$17,634,180 (\$10,960,000 governmental activities and \$6,674,180 business-type activities). At a minimum, all the bonds are backed by the County's faith and credit.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III.F beginning on page 48 of this report.

ECONOMIC FACTORS AND BUDGETS AND RATES FOR FISCAL YEAR 2009

The following factors were considered in preparing the County's budget for the 2009 fiscal year.

- The decrease in property values and the dramatic rise in foreclosures will have dramatic effects on the property tax levy and the revenue generated by it. Minimal increases are expected.
- The deterioration of the State's economy will likely result in additional decreases in state funding. The actual magnitude of the decrease will depend on the economy within the State of Michigan and continued budgetary cuts at the federal level.
- Decreased revenues from the District Court and the Register of Deeds Office.
- With the property tax levy for the general fund shifting to the summer levy, at budget time Administration is forced to predict the taxable value, including new construction, of the County as well as the anticipated Headlee Rollback over a year in advance.

Highlights of the 2008-2009 budget are as follows:

- Cost reductions throughout many facets of the budget.
- Budget balanced without the use of delinquent tax funds.
- Renewed efforts to attain the most accurate portrait of revenues and expenditures in the budget development phases.
- \$35,000 budgeted to transfer to the Parks Department for a full-time director.
- \$20,000 budget for the replacement of computers.
- Reduction of one full-time position in the Register of Deeds Office to part-time, temporary status with funding for just the 2009 fiscal year.
- \$110,000 budget for the special projects fund.
- Funds transferred to the Budget Stabilization and Capital Projects Funds in preparation of the State not reinstituting revenue sharing.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Tobi G. Lake, Administrator, 1087 Newell Street, P.O. Box 885, White Cloud, Michigan 49349.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF NEWAYGO, MICHIGAN

Statement of Net Assets

September 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 10,124,373	\$ 2,370,385	\$ 12,494,758	\$ 236,213
Investments	2,188,957	5,024,849	7,213,806	-
Receivables	3,976,853	10,816,827	14,793,680	451,732
Advance to component units	300,000	63,038	363,038	-
Internal balances	(1,013,341)	1,013,341	-	-
Prepaid items and other assets	160,313	-	160,313	-
Capital assets not being depreciated	2,223,586	-	2,223,586	-
Capital assets being depreciated, net	12,640,304	4,453	12,644,757	350,863
Total assets	30,601,045	19,292,893	49,893,938	1,038,808
Liabilities				
Accounts payable	1,085,560	144,748	1,230,308	23,556
Advance from primary government	-	-	-	363,038
Notes payable	-	3,400,000	3,400,000	-
Long-term liabilities:				
Due within one year	685,095	445,000	1,130,095	-
Due in more than one year	10,875,976	6,229,180	17,105,156	-
Total liabilities	12,646,631	10,218,928	22,865,559	386,594
Net assets				
Invested in capital assets, net of related debt	3,903,890	4,453	3,908,343	350,863
Restricted for:				
Property tax acceleration	2,654,784	-	2,654,784	-
Community and economic development	910,896	-	910,896	-
Health and welfare	456,912	-	456,912	-
Other state mandated programs	240,083	-	240,083	-
Public safety	274,573	-	274,573	-
Debt service	233,567	-	233,567	-
Capital projects	1,194,963	-	1,194,963	-
Unrestricted	8,084,746	9,069,512	17,154,258	301,351
Total net assets	\$ 17,954,414	\$ 9,073,965	\$ 27,028,379	\$ 652,214

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Activities
For the Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
Legislative	\$ 310,077	\$ 27	\$ -	\$ (310,050)
Judicial	3,367,336	911,709	848,721	(1,606,906)
General government	4,395,213	2,031,214	806,235	(1,557,764)
Public safety	6,347,121	2,512,720	300,557	(3,533,844)
Public works	(81,166)	-	138,862	220,028
Health and welfare	5,229,082	324,859	2,854,152	(2,050,071)
Recreation and cultural	341,492	312,469	16,830	(12,193)
Community and economic development	418,933	98,377	205,520	(115,036)
Interest on long-term debt	469,324	-	-	(469,324)
Total governmental activities	<u>20,797,412</u>	<u>6,191,375</u>	<u>5,170,877</u>	<u>(9,435,160)</u>
Business-type activities:				
Delinquent tax administration	422,168	1,173,580	-	751,412
Public works projects	275,316	275,316	-	-
Building authority	152,601	317,180	-	164,579
Total business-type activities	<u>850,085</u>	<u>1,766,076</u>	<u>-</u>	<u>915,991</u>
Total primary government	<u>\$ 21,647,497</u>	<u>\$ 7,957,451</u>	<u>\$ 5,170,877</u>	<u>\$ (8,519,169)</u>
Component units				
Central Dispatch Authority	\$ 931,629	\$ 699,720	\$ 139,700	\$ (92,209)
Drain Commission	328,061	66,769	4,717	(256,575)
Brownfield Redevelopment Authority	<u>34,329</u>	<u>-</u>	<u>55,000</u>	<u>20,671</u>
Total component units	<u>\$ 1,294,019</u>	<u>\$ 766,489</u>	<u>\$ 199,417</u>	<u>\$ (328,113)</u>

continued...

COUNTY OF NEWAYGO, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended September 30, 2008

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (9,435,160)	\$ 915,991	\$ (8,519,169)	\$ (328,113)
General revenues:				
Property taxes	9,988,575	-	9,988,575	-
Grants and contributions not restricted to specific programs	441,797	-	441,797	-
Unrestricted investment earnings	410,165	313,571	723,736	1,742
Transfers - internal activities	381,027	(381,027)	-	-
Total general revenues and transfers	11,221,564	(67,456)	11,154,108	1,742
Change in net assets	1,786,404	848,535	2,634,939	(326,371)
Net assets, beginning of year, as restated	16,168,010	8,225,430	24,393,440	978,585
Net assets, end of year	<u>\$ 17,954,414</u>	<u>\$ 9,073,965</u>	<u>\$ 27,028,379</u>	<u>\$ 652,214</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

COUNTY OF NEWAYGO, MICHIGAN

Balance Sheet

Governmental Funds

September 30, 2008

	General	County Jail	Revenue Sharing Reserve	Nonmajor Governmental Funds	Totals
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 2,654,784	\$ 2,804,898	\$ 5,459,682
Investments	1,986,347	-	-	-	1,986,347
Receivables:					
Accounts	176,978	39,329	-	867,545	1,083,852
Taxes	1,452,375	-	-	-	1,452,375
Due from other governments	1,011,048	144,067	-	259,632	1,414,747
Due from other funds	-	-	-	10,202	10,202
Advances to component units	300,000	-	-	-	300,000
Prepays	8,093	-	-	-	8,093
 Total assets	 \$ 4,934,841	 \$ 183,396	 \$ 2,654,784	 \$ 3,942,277	 \$ 11,715,298
Liabilities and fund balances					
Liabilities					
Interfund payable	\$ 1,578,381	\$ 47,702	\$ -	\$ 77,474	\$ 1,703,557
Accounts payable	128,712	6,967	-	177,898	313,577
Accrued expenditures	105,684	40,785	-	96,671	243,140
Due to other governments	-	-	-	140,364	140,364
Due to other funds	1,023,543	-	-	-	1,023,543
Deferred revenue	755,069	-	-	-	755,069
 Total liabilities	 3,591,389	 95,454	 -	 492,407	 4,179,250
Fund balances					
Reserved for long-term receivables	-	-	-	858,205	858,205
Reserved for prepaids	8,093	-	-	-	8,093
Unreserved:					
Undesignated	1,335,359	87,942	2,654,784	-	4,078,085
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	1,011,317	1,011,317
Debt service funds	-	-	-	385,385	385,385
Capital projects funds	-	-	-	1,194,963	1,194,963
 Total fund balances	 1,343,452	 87,942	 2,654,784	 3,449,870	 7,536,048
Total liabilities and fund balances	\$ 4,934,841	\$ 183,396	\$ 2,654,784	\$ 3,942,277	\$ 11,715,298

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
September 30, 2008

Fund balances - total governmental funds	\$ 7,536,048
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets not being depreciated	2,223,586
Add: capital assets being depreciated, net	12,265,372

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenue in the governmental funds, and thus are not included in fund balance.

Add: deferred property taxes	755,069
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	6,887,228
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds payable	(10,960,000)
Subtract: compensated absences	(601,071)
Subtract: accrued interest on long-term liabilities	(151,818)

Net assets of governmental activities	<u><u>\$ 17,954,414</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2008

	General	County Jail	Revenue Sharing Reserve	Nonmajor Governmental Funds	Totals
Revenue					
Taxes	\$ 7,331,324	\$ -	\$ -	\$ 2,579,104	\$ 9,910,428
Intergovernmental:					
Federal	114,802	4,677	-	829,276	948,755
State	1,788,443	-	-	1,312,406	3,100,849
Local	73,976	-	-	377,690	451,666
Licenses and permits	30,094	-	-	-	30,094
Fines and forfeitures	94,078	-	-	4,683	98,761
Charges for services	2,424,025	1,861,335	-	1,447,569	5,732,929
Interest and rentals	383,103	-	-	55,706	438,809
Contributions from private sources	-	-	-	750,387	750,387
Other revenue/reimbursements	212,725	259,093	-	120,931	592,749
Total revenue	12,452,570	2,125,105	-	7,477,752	22,055,427
Expenditures					
Current:					
Legislative	310,395	-	-	-	310,395
Judicial	2,539,674	-	-	885,548	3,425,222
General government	3,552,789	-	-	232,620	3,785,409
Public safety	797,985	3,066,744	-	2,786,045	6,650,774
Public works	13,456	-	-	22,447	35,903
Health and welfare	792,625	-	-	4,529,124	5,321,749
Community and economic development	120,674	-	-	305,745	426,419
Recreation and cultural	-	-	-	348,903	348,903
Other	14,801	-	-	-	14,801
Debt service:					
Principal	-	-	-	480,000	480,000
Interest	-	-	-	475,287	475,287
Capital outlay	1,245,117	-	-	66,117	1,311,234
Total expenditures	9,387,516	3,066,744	-	10,131,836	22,586,096
Revenue over (under) expenditures	3,065,054	(941,639)	-	(2,654,084)	(530,669)
Other financing sources (uses)					
Transfers in	1,340,122	1,042,445	-	3,210,045	5,592,612
Transfers out	(4,272,510)	(56,715)	(907,579)	(192,762)	(5,429,566)
Total other financing sources (uses)	(2,932,388)	985,730	(907,579)	3,017,283	163,046
Net change in fund balances	132,666	44,091	(907,579)	363,199	(367,623)
Fund balances, beginning of year	1,210,786	43,851	3,562,363	3,086,671	7,903,671
Fund balances, end of year	\$ 1,343,452	\$ 87,942	\$ 2,654,784	\$ 3,449,870	\$ 7,536,048

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2008

Net change in fund balances - total governmental funds	\$ (367,623)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	1,421,026
Subtract: depreciation expense	(645,766)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: net change in property tax revenue	78,147
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term-

Add: principal payments on long-term liabilities	480,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add: change in accrued interest on bonds	5,963
Add: decrease in the accrual of compensated absences	14,382

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities:

Add: interest revenue from governmental internal service funds	69,215
Add: gain on disposal of capital assets in governmental internal service funds	2,136
Add: net operating income from governmental activities accounted for in internal service funds	510,943
Add: internal activities (transfers) accounted for in internal service funds	217,981

Change in net assets of governmental activities	\$ <u>1,786,404</u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenue				
Taxes				
Real and personal property taxes	\$ 7,084,088	\$ 7,084,088	\$ 7,217,603	\$ 133,515
Other taxes	94,899	175,637	191,868	16,231
Total taxes	<u>7,178,987</u>	<u>7,259,725</u>	<u>7,409,471</u>	<u>149,746</u>
Intergovernmental				
Federal grants	105,000	105,000	114,802	9,802
State grants	1,031,019	1,875,996	1,788,443	(87,553)
Contributions from local governments	58,725	70,075	73,976	3,901
Total intergovernmental	<u>1,194,744</u>	<u>2,051,071</u>	<u>1,977,221</u>	<u>(73,850)</u>
Licenses and permits				
Permits	<u>34,500</u>	<u>34,500</u>	<u>30,094</u>	<u>(4,406)</u>
Fines and forfeitures				
Fines and forfeitures	<u>75,000</u>	<u>95,165</u>	<u>94,078</u>	<u>(1,087)</u>
Charges for services	<u>2,493,833</u>	<u>2,554,660</u>	<u>2,424,025</u>	<u>(130,635)</u>
Interest and rentals				
Interest revenue	150,000	150,000	285,244	135,244
Rentals	95,282	100,113	97,859	(2,254)
Total interest and rentals	<u>245,282</u>	<u>250,113</u>	<u>383,103</u>	<u>132,990</u>
Other revenue/reimbursements				
Reimbursements	21,300	24,057	31,271	7,214
Private contributions	-	155,000	155,000	-
Other revenue	1,530	20,492	26,454	5,962
Total other revenue/reimbursements	<u>22,830</u>	<u>199,549</u>	<u>212,725</u>	<u>13,176</u>
Total revenue	<u>11,245,176</u>	<u>12,444,783</u>	<u>12,530,717</u>	<u>85,934</u>

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COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual (Continued)
General Fund
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Expenditures				
Legislative				
Board of Commissioners	\$ 322,219	\$ 323,419	\$ 310,395	\$ (13,024)
Judicial				
Circuit Court	1,219,176	1,147,187	1,104,275	(42,912)
District Court	957,843	970,163	966,457	(3,706)
Jury Board	14,170	14,820	14,521	(299)
Probate Court	407,265	416,690	409,604	(7,086)
Court Guardian	45,817	45,817	44,817	(1,000)
Total judicial	2,644,271	2,594,677	2,539,674	(55,003)
General government				
Administrator	202,821	227,586	220,049	(7,537)
Civil counsel	27,667	52,667	50,730	(1,937)
Clerk	260,756	263,076	259,693	(3,383)
Accounting	230,630	230,695	226,631	(4,064)
Budgeting	-	-	-	-
Equalization	530,486	545,655	541,035	(4,620)
Register of deeds	318,004	318,507	312,428	(6,079)
Prosecutor	754,501	735,450	720,920	(14,530)
Board of review	1,726	1,726	879	(847)
Cooperative extension	193,233	193,182	193,548	366
Personnel	70,204	77,810	68,433	(9,377)
Surveyor	128,367	94,338	107,364	13,026
Treasurer	358,578	365,062	351,826	(13,236)
Drain Commissioner	213,258	214,958	208,519	(6,439)
Other general government	297,079	290,378	290,734	356
Total general government	3,587,310	3,611,090	3,552,789	(58,301)
Public safety				
Sheriff's department	714,099	725,846	715,460	(10,386)
Regional drug force contract	16,637	16,637	16,637	-
Marine law enforcement	64,128	64,128	62,234	(1,894)
Other public safety	9,027	19,027	3,654	(15,373)
Total public safety	803,891	825,638	797,985	(27,653)

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COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual (Concluded)
General Fund
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Expenditures (continued)				
Public works				
Department of Public Works	\$ 12,500	\$ 13,456	\$ 13,456	\$ -
Health and welfare				
Health department	313,633	314,605	312,545	(2,060)
Mental health	234,900	236,495	235,742	(753)
Medical Care Facility maintenance of effort	92,000	92,000	87,134	(4,866)
Substance abuse	77,356	77,356	83,987	6,631
Medical examiner	76,615	76,640	73,217	(3,423)
Total health and welfare	794,504	797,096	792,625	(4,471)
Community and economic development				
Planning and zoning	123,691	123,691	115,674	(8,017)
Redevelopment	5,000	5,000	5,000	-
Total community and economic development	128,691	128,691	120,674	(8,017)
Other				
Non-departmental expenditures	19,345	17,014	14,801	(2,213)
Capital outlay	118,729	1,442,600	1,245,117	(197,483)
Total expenditures	8,431,460	9,753,681	9,387,516	(366,165)
Revenue over expenditures	2,813,716	2,691,102	3,143,201	452,099
Other financing sources (uses)				
Transfers in	1,229,285	1,355,784	1,340,122	(15,662)
Transfers out	(4,051,001)	(4,161,129)	(4,272,510)	(111,381)
Total other financing (uses)	(2,821,716)	(2,805,345)	(2,932,388)	(127,043)
Net change in fund balance	(8,000)	(114,243)	210,813	325,056
Fund balance, beginning of year	1,887,708	1,887,708	1,887,708	-
Fund balance, end of year (budgetary basis)	<u>\$ 1,879,708</u>	<u>\$ 1,773,465</u>	2,098,521	<u>\$ 325,056</u>
Accounting basis difference			(755,069)	
Fund balance, end of year (GAAP basis)			<u>\$ 1,343,452</u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
County Jail
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue				
Intergovernment - federal	\$ -	\$ 4,677	\$ 4,677	\$ -
Charges for services	1,679,152	1,679,152	1,861,335	182,183
Reimbursements	119,881	119,881	76,714	(43,167)
Other	170,000	175,500	182,379	6,879
Total revenue	1,969,033	1,979,210	2,125,105	145,895
Expenditures				
Public safety	3,095,925	3,092,040	3,066,744	(25,296)
Revenue (under) over expenditures	(1,126,892)	(1,112,830)	(941,639)	171,191
Other financing sources (uses)				
Transfers in	1,155,840	1,156,245	1,042,445	(113,800)
Transfers out	(28,948)	(43,415)	(56,715)	(13,300)
Total other financing sources (uses)	1,126,892	1,112,830	985,730	(127,100)
Net change in fund balance	-	-	44,091	44,091
Fund balances, beginning of year	43,851	43,851	43,851	-
Fund balances, end of year	\$ 43,851	\$ 43,851	\$ 87,942	\$ 44,091

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
Revenue Sharing Reserve Fund
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Other financing uses				
Transfers out	(919,791)	(907,579)	(907,579)	-
Net change in fund balance	(919,791)	(907,579)	(907,579)	-
Fund balances, beginning of year	3,562,363	3,562,363	3,562,363	-
Fund balances end of year	<u>\$ 2,642,572</u>	<u>\$ 2,654,784</u>	<u>\$ 2,654,784</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN

Statement of Net Assets

Proprietary Funds

September 30, 2008

	Business-type Activities					Governmental Activities
	2005 and Prior Delinquent Tax	2007 Delinquent Tax	Sanitary Sewer Construction	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,118,793	\$ 420,308	\$ 12	\$ 831,272	\$ 2,370,385	\$ 6,368,248
Investments	2,475,150	-	-	846,142	3,321,292	202,610
Interfund receivable	1,703,557	-	-	-	1,703,557	-
Accounts receivable	34,514	-	-	1,238	35,752	19,407
Due from other governments	-	-	-	-	-	6,472
Current portion of leases receivable	-	-	445,000	-	445,000	-
Due from other funds	1,013,341	-	-	-	1,013,341	-
Prepays	-	-	-	-	-	152,220
Total current assets	6,345,355	420,308	445,012	1,678,652	8,889,327	6,748,957
Noncurrent assets:						
Long-term advances to component units	63,038	-	-	-	63,038	-
Delinquent taxes receivable	32,330	3,061,206	-	908,799	4,002,335	-
Leases receivable, net of current portion	-	-	6,333,740	-	6,333,740	-
Capital assets being depreciated, net	-	-	-	4,453	4,453	374,932
Total noncurrent assets	95,368	3,061,206	6,333,740	913,252	10,403,566	374,932
Total assets	6,440,723	3,481,514	6,778,752	2,591,904	19,292,893	7,123,889
Liabilities						
Current liabilities:						
Accounts payable	11	-	-	39,946	39,957	221,999
Accrued expenses	219	-	-	-	219	14,662
Accrued interest payable	-	-	104,572	-	104,572	-
Notes payable	-	3,050,000	-	350,000	3,400,000	-
Current portion of long-term debt	-	-	445,000	-	445,000	-
Total current liabilities	230	3,050,000	549,572	389,946	3,989,748	236,661
Long-term liabilities:						
Long-term debt, net of current portion	-	-	6,229,180	-	6,229,180	-
Total liabilities	230	3,050,000	6,778,752	389,946	10,218,928	236,661
Net assets						
Invested in capital assets	-	-	-	4,453	4,453	374,932
Unrestricted	6,440,493	431,514	-	2,197,505	9,069,512	6,512,296
Total net assets	\$ 6,440,493	\$ 431,514	\$ -	\$ 2,201,958	\$ 9,073,965	\$ 6,887,228

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2008

	Business-type Activities					Governmental Activities
	2005 and Prior Delinquent Tax	2007 Delinquent Tax	Sanitary Sewer Construction	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenue						
Charges for services	\$ 5,289	\$ -	\$ 275,316	\$ 23,997	\$ 304,602	\$ 1,972,236
Rents	-	-	-	317,180	317,180	-
Interest and penalties on delinquent taxes	126,999	480,217	-	246,352	853,568	-
Reimbursements	158,060	-	-	246,695	404,755	3,301,313
Total operating revenues	290,348	480,217	275,316	834,224	1,880,105	5,273,549
Operating expenses						
Supplies and operating expenses	8,741	-	-	367,132	375,873	4,582,369
Land sale disbursements	-	-	-	197,117	197,117	-
Depreciation	-	-	-	1,781	1,781	180,237
Total operating expenses	8,741	-	-	566,030	574,771	4,762,606
Operating income	281,607	480,217	275,316	268,194	1,305,334	510,943
Nonoperating revenue (expenses)						
Interest revenue	258,337	2,831	-	53,993	315,161	69,215
Interest expense	-	(51,534)	(275,316)	(64,083)	(390,933)	-
Gain on disposal of capital assets	-	-	-	-	-	2,136
Total nonoperating revenue (expense)	258,337	(48,703)	(275,316)	(10,090)	(75,772)	71,351
Income before transfers	539,944	431,514	-	258,104	1,229,562	582,294
Transfers in (out)						
Transfers in	-	-	-	-	-	593,792
Transfers out	(136,297)	-	-	(244,730)	(381,027)	(375,811)
Total transfers	(136,297)	-	-	(244,730)	(381,027)	217,981
Net income	403,647	431,514	-	13,374	848,535	800,275
Net assets, beginning of year, as restated	6,036,846	-	-	2,188,584	8,225,430	6,086,953
Net assets, end of year	<u>\$ 6,440,493</u>	<u>\$ 431,514</u>	<u>\$ -</u>	<u>\$ 2,201,958</u>	<u>\$ 9,073,965</u>	<u>\$ 6,887,228</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2008

	Business-type Activities					Governmental Activities
	2005 and Prior Delinquent Tax	2007 Delinquent Tax	Sanitary Sewer Construction	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities						
Cash received from customers and users	\$ -	\$ 2,578,861	\$ 275,316	\$ 2,639,857	\$ 5,494,034	\$ -
Cash received from interfund services	785,011	-	-	-	785,011	5,266,809
Cash payments for interfund services	159,777	-	-	-	159,777	-
Cash payments to suppliers for goods and services	(32,863)	-	-	(526,103)	(558,966)	(3,947,114)
Cash payments to employees for services	-	-	-	-	-	(775,200)
Cash payments to purchase delinquent taxes	-	(5,159,850)	-	-	(5,159,850)	-
Net cash provided by (used in) operating activities	911,925	(2,580,989)	275,316	2,113,754	720,006	544,495
Cash flows from non-capital financing activities						
Proceeds from issuance of note payable	-	4,600,000	-	-	4,600,000	-
Principal payments on note payable	-	(1,550,000)	-	(2,450,000)	(4,000,000)	-
Interest payments on note payable	-	(51,534)	-	(64,083)	(115,617)	-
Transfers in	-	-	-	-	-	593,792
Transfers out	(136,297)	-	-	(244,730)	(381,027)	(375,811)
Net cash (used in) provided by non-capital financing activities	(136,297)	2,998,466	-	(2,758,813)	103,356	217,981
Cash flows from capital and related financing activities						
Interest payments on long-term debt	-	-	(275,316)	-	(275,316)	-
Proceeds from sale of capital assets	-	-	-	-	-	2,136
Transfer of capital assets	(6,234)	-	-	6,234	-	-
Purchases of capital assets	-	-	-	-	-	(172,310)
Net cash (used in) provided by capital and related financing activities	(6,234)	-	(275,316)	6,234	(275,316)	(170,174)
Cash flows from investing activities						
Purchase of investments	(1,581,545)	-	-	(846,142)	(2,427,687)	297,235
Interest received	258,337	2,831	-	53,993	315,161	69,215
Payment on long-term advances to other funds	125,000	-	-	-	125,000	-
Payment on long-term advances to component units	54,503	-	-	-	54,503	-
Net cash (used in) provided by investing activities	(1,143,705)	2,831	-	(792,149)	(1,933,023)	366,450
Net (decrease) increase in cash and cash equivalents	(374,311)	420,308	-	(1,430,974)	(1,384,977)	958,752
Cash and cash equivalents, beginning of year	1,493,104	-	12	2,262,246	3,755,362	5,409,496
Cash and cash equivalents, end of year	\$ 1,118,793	\$ 420,308	\$ 12	\$ 831,272	\$ 2,370,385	\$ 6,368,248

continued...

COUNTY OF NEWAYGO, MICHIGAN
Statement of Cash Flows
Proprietary Funds (Concluded)
For the Year Ended September 30, 2008

	Business-type Activities					Governmental Activities
	2005 and Prior Delinquent Tax	2007 Delinquent Tax	Sanitary Sewer Construction	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities						
Operating income	\$ 281,607	\$ 480,217	\$ 275,316	\$ 268,194	\$ 1,305,334	\$ 510,943
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation	-	-	-	1,781	1,781	180,237
(Increase) decrease in:						
Interfund receivable	1,167,859	-	-	-	1,167,859	-
Accounts receivable	(34,514)	-	-	(1,238)	(35,752)	(19,206)
Taxes receivable	529,177	(3,061,206)	-	1,806,871	(725,158)	-
Due from other governments	-	-	-	-	-	12,466
Due from other funds	(999,341)	-	-	-	(999,341)	-
Prepays	-	-	-	-	-	99,320
Accounts payable	(32,871)	-	-	38,146	5,275	(180,661)
Accrued expenses	8	-	-	-	8	104
Accrued interest payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	(58,708)
Net cash provided by (used in) operating activities	<u>\$ 911,925</u>	<u>\$ (2,580,989)</u>	<u>\$ 275,316</u>	<u>\$ 2,113,754</u>	<u>\$ 720,006</u>	<u>\$ 544,495</u>

Non-cash transactions

There were no non-cash transactions during the fiscal year.

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2008

Assets

Cash and cash equivalents	\$ 3,192,899
Due from other governmental units	<u>518,684</u>
Total assets	<u><u>\$ 3,711,583</u></u>

Liabilities

Accounts payable	\$ 3,322,653
Due to other governments	240,290
Undistributed receipts	<u>148,640</u>
Total liabilities	<u><u>\$ 3,711,583</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Component Units
September 30, 2008

	Central Dispatch Authority	Drain Commission	Brownfield Redevelopment Authority	Total
Assets				
Cash and cash equivalents	\$ -	\$ 314,841	\$ 31,700	\$ 346,541
Receivables	160,543	291,189	-	451,732
Capital assets being depreciated, net	131,487	219,376	-	350,863
Total assets	292,030	825,406	31,700	1,149,136
Liabilities				
Negative equity in cash and cash equivalents	110,328	-	-	110,328
Accounts payable and accrued liabilities	12,239	288	11,029	23,556
Advance from primary government	-	363,038	-	363,038
Total liabilities	122,567	363,326	11,029	496,922
Net assets				
Invested in capital assets	131,487	219,376	-	350,863
Unrestricted	37,976	242,704	20,671	301,351
Total net assets	\$ 169,463	\$ 462,080	\$ 20,671	\$ 652,214

The accompanying notes are an integral part of these financial statements.

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended September 30, 2008

	Central Dispatch Authority	Drain Commission	Brownfield Redevelopment Authority	Total
Expenses				
Central dispatch	\$ 931,629	\$ -	\$ -	\$ 931,629
County drains	-	328,061	-	328,061
Brownfield redevelopment	-	-	34,329	34,329
Total expenses	931,629	328,061	34,329	1,294,019
Program revenues				
Charges for services	699,720	66,769	-	766,489
Operating grants and contributions	139,700	4,717	55,000	199,417
Total program revenues	839,420	71,486	55,000	965,906
Net (expense) revenues	(92,209)	(256,575)	20,671	(328,113)
General revenues				
Unrestricted investment earnings	1,742	-	-	1,742
Change in net assets	(90,467)	(256,575)	20,671	(326,371)
Net assets, beginning of year	259,930	718,655	-	978,585
Net assets, end of year	\$ 169,463	\$ 462,080	\$ 20,671	\$ 652,214

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF NEWAYGO, MICHIGAN

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COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Newaygo, Michigan (the “County” or “government”) was incorporated in 1851 and covers an area of 864 square miles. The County operates under a seven-member elected Board of Commissioners and an appointed County Administrator.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

A. Reporting entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

The Building Authority is governed by a three-member board appointed by the Newaygo County Board of Commissioners. Its sole purpose is to finance and construct the County’s public buildings. It is reported as an Enterprise Fund and has a September 30 year-end. A separate report is not prepared for the Building Authority.

Discretely Presented Component Units:

Newaygo County Central Dispatch Authority (the “Authority”) – The Authority was established by resolution by the County Board of Commissioners. It establishes policy and reviews operations of the E-911 service for the County Board of Commissioners. The County Commission appoints the members of the Authority’s Board. The Authority is financially accountable to the County, as defined by GASB Statement No. 14, and is disclosed as a component unit, accordingly. The Authority has a September 30 year end, and is accounted for as a single enterprise fund.

Newaygo County Drain Commission (the “Drain Commission”) – All drainage districts established pursuant to the Michigan Drain Code of 1956 are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory governing board of Chapter 5 and 6 drainage districts consists of the Michigan Director of Agriculture and the drain commission of each county involved in the project. The County Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The Drain Commissioner is required by law to make an annual report to the Board of Commissioners in October. The Drain Commission is financially accountable to the County, as defined by GASB Statement No. 14, and is disclosed as a component unit, accordingly. The Drain Commission has a September 30 year end.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

The Brownfield Redevelopment Authority was created to facilitate the implementation of plans relating to the identification and treatment of environmentally distressed areas to promote revitalization within the Brownfield Redevelopment zone. There is no activity in the current year for the Brownfield Redevelopment Authority. The members of the governing board of the Brownfield Redevelopment Authority are appointed by the County Board of Commissioners. The budgets and expenditures of the Authority must be approved by the County. The County also has the ability to significantly influence operations of the Authority. Complete financial statements for the component units are not separately prepared.

In addition, the County has two component units, as defined by GAAP, which are excluded from these financial statements. The Newaygo County Road Commission and Medical Care Facility are administratively separate from the rest of the County, and engage other auditors to audit their stand-alone financial statements. While these entities are required to be a part of the County's financial reporting entity in accordance with GAAP, management believes that both component units are operationally independent of the County, and that their inclusion will be misleading.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, State revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *county jail fund* accounts for the operations of the County Jail Facility. Primary revenue sources for this fund are rental fees, charges for housing prisoners, and an appropriation from the general fund.

The *revenue sharing reserve fund* accounts for accelerated property tax collections held for the replacement of future state shared revenues.

The County reports the following major proprietary funds:

The *2005 and prior delinquent tax revolving fund* accounts for the collection and administration of delinquent property taxes levied in the year 2005 and prior levies.

The *2007 delinquent tax revolving fund* accounts for the collection and administration of delinquent property taxes levied in year 2007.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

The *sanitary sewer construction fund* accounts for special assessment debt issued on behalf of local units, dollars received from the local units for the payment of principal and interest on this debt, and expenditures of bond proceeds.

Additionally, the County reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt service funds account for the servicing of general long-term debt not being financed by proprietary funds.

Capital projects funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal service funds account for operations that provide services (such as equipment rentals and self-insurance) to other departments or agencies of the government, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Restricted net assets are assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities and equity

1. Deposits and investments

The government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial papers, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

Investment income resulting from funds in the pooled cash fund is allocated to the general fund based on County policy, except for the central dispatch authority component unit which received a proportionate share of investment earnings based on average cash balances.

2. Receivables and payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

4. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 and an estimated useful life of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-40
Land improvements	10-20
Machinery and equipment	5-10
Vehicles	3-5
Bike paths and trailways	20
Drain infrastructure	20

5. *Compensated absences*

Eligible employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. Sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee resignations and retirements.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

6. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is at the activity level in the general fund and at the functional level for the special revenue funds.

All departments and budgetary centers of the county are required to submit budget requests to the County Administrator. The Administrator then develops and presents a proposed budget to the Board for review. The Board generally holds public hearings in August and a final budget is approved prior to September 30, the close of the county's fiscal year. The appropriated budget is prepared by fund and department. Budget amendments and transfers of appropriations less than \$25,000 require Administrator approval. Board approval is required for all others.

B. Budget/GAAP reconciliation

The County has prepared its budget for the general fund recognizing the full amount of the July 1 property tax levy as revenue in the current year. GAAP requires that property taxes not collected by November 30 (60 days after year end) be deferred as "unavailable", and recognized in the following fiscal year. As the County intends to rely on the July 1 levy to fund current year operations, management believes it is appropriate to follow this budgetary (non-GAAP) basis in its internal accounting for property taxes, and disclose the difference between the budgetary basis and GAAP in the notes to the financial statements.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

The Statement of Revenue, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund is presented on the same basis of accounting used in preparing the adopted budget. The following schedule reconciles the amounts on that statement to the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.

	Budgetary Basis	Accounting Basis Difference	GAAP Basis
General Fund			
Deferred revenue	\$ -	\$ 755,069	\$ 755,069
Property tax revenue	7,409,471	(78,147)	7,331,324
Fund balance, beginning of year	1,887,708	(676,922)	1,210,786
Fund balance, end of year	2,098,521	(755,069)	1,343,452

C. Deficit fund balance

At September 30, 2008 the County reported a deficit fund balance of \$188,337 in the drain fund.

D. Excess of expenditures over budget

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the County were adopted on an activity level basis in the General Fund, and at the functional level for other governmental funds, which is the legal level of control.

Expenditures in the combining and individual fund financial statements have been presented at a level of detail greater than the level of legal budgetary control.

During the year ended September 30, 2008 the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Expenditures	Budget Variance
General fund:			
General government – cooperative extension	\$ 193,182	\$ 193,548	\$ 366
General government – other general government	290,378	290,734	356
Health and welfare – substance abuse	77,356	83,987	6,631
Transfers out	4,161,129	4,272,510	111,381
County jail fund:			
Transfers out	43,415	56,715	13,300
Nonmajor governmental funds:			
Sheriff Road Patrol – transfers out	97,095	114,525	17,430
Community Development – community and economic development	251,122	305,745	54,623
Child Care – health and welfare	1,598,582	1,925,274	326,692

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

The County maintains pooled and individual fund demand deposits, certificates of deposit and short-term investment accounts for the primary government and discretely presented component units. Certain imprest demand deposit accounts are also maintained by discretely presented component units.

Following is a reconciliation of deposit and investment balances as of September 30, 2008:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Cash on hand	\$ 725	\$ -	\$ 725
Carrying amount of checking and savings accounts	13,515,879	236,213	13,752,092
Carrying amount of certificates of deposit	4,868,226	-	4,868,226
Carrying amount of investments	<u>4,516,633</u>	<u>-</u>	<u>4,516,633</u>
Total	<u>\$ 22,901,463</u>	<u>\$ 236,213</u>	<u>\$ 23,137,676</u>
Statement of net assets			
Cash and cash equivalents	\$ 12,494,758	\$ 236,213	\$ 12,730,971
Investments	<u>7,213,806</u>	<u>-</u>	<u>7,213,806</u>
	19,708,564	236,213	19,944,777
Statement of fiduciary net assets			
Cash and cash equivalents	<u>3,192,899</u>	<u>-</u>	<u>3,192,899</u>
Total	<u>\$ 22,901,463</u>	<u>\$ 236,213</u>	<u>\$ 23,137,676</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$13,819,301 of the County's bank balance of \$17,744,720 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk – Investments. Following is a summary of the County's investments as of September 30, 2008:

U.S. treasuries	\$ 2,228,940
Money market funds	<u>2,287,693</u>
	<u>\$ 4,516,633</u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In order to minimize this risk, County policy limits the types of investments and pre-qualifies financial institutions. As of September 30, 2008, none of the County's investments were exposed to risk since the securities are held in the County's name by the counterparty.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, are summarized as follows:

Unrated	\$ 273,023
S&P AAA	2,228,940
AAA/V1+	<u>2,014,670</u>
	<u>\$ 4,516,633</u>

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates for investments and certificates of deposit held at year-end are summarized as follows:

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

	Certificates of Deposit	Investments
No maturity	\$ -	\$ 2,287,693
Due within one year	2,086,098	266,955
Due in 1-5 years	2,388,672	1,437,707
Due in 6-10 years	291,791	524,278
Due in 11-15 years	101,665	-
	<u>\$ 4,868,226</u>	<u>\$ 4,516,633</u>

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy limits investments in a single financial institution of a single security type (with the exception of U.S. Treasury securities and authorized pools) to 70% of the total investment portfolio. All investments held at year end are reported above.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy limits investments in a single financial institution of a single security type (with the exception of U.S. Treasury securities and authorized pools) to 70% of the total investment portfolio. All investments held at year end are reported above.

B. Receivables

Receivables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Taxes (current)	\$ 1,452,375	\$ -
Taxes (delinquent)	-	4,002,335
Accounts	1,103,259	35,752
Due from other governments	1,421,219	-
Leases (Note III.F.)	-	6,778,740
	<u>\$ 3,976,853</u>	<u>\$ 10,816,827</u>

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All governmental activities defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue reported in governmental activities were as follows:

	<u>Unavailable</u>
Governmental Funds:	
Property taxes receivable	<u>\$ 755,069</u>

C. Accounts payable

Accounts payable and accrued liabilities in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable	\$ 535,576	\$ 39,957
Accrued liabilities	257,802	219
Due to other governments	140,364	-
Accrued interest on long-term debt	<u>151,818</u>	<u>104,572</u>
	<u>\$ 1,085,560</u>	<u>\$ 144,748</u>

D. Interfund receivables and payables

The composition of interfund balances as of September 30, 2008, was as follows:

Due to and from primary government funds

	<u>Due from fund</u>	<u>Due to fund</u>
General fund	\$ -	\$ 1,023,543
Nonmajor governmental funds	10,202	-
2005 and prior delinquent tax fund	<u>1,013,341</u>	<u>-</u>
	<u>\$ 1,023,543</u>	<u>\$ 1,023,543</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Interfund receivables and payables

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ -	\$ 1,578,381
County jail	-	47,702
Nonmajor governmental funds	-	77,474
2005 and prior delinquent tax fund	<u>1,703,557</u>	<u>-</u>
	<u>\$ 1,703,557</u>	<u>\$ 1,703,557</u>

The balances result from funds with negative balances in the County's pooled cash and investments.

Due to and from primary government and component units

	<u>Due from Component Units</u>	<u>Due to Primary Government</u>
General fund	\$ 300,000	\$ -
2005 and prior delinquent tax	63,038	-
Drain Commission	<u>-</u>	<u>363,038</u>
	<u>\$ 363,038</u>	<u>\$ 363,038</u>

For the year ended September 30, 2008, interfund transfers consisted of the following:

Transfers out	Transfers in				Totals
	General Fund	County Jail	Nonmajor Governmental Funds	Internal Service Funds	
General fund	\$ -	\$ 963,731	\$ 2,853,819	\$ 454,960	\$ 4,272,510
County jail fund	-	-	42,248	14,467	56,715
Revenue sharing reserve fund	907,579	-	-	-	907,579
Nonmajor governmental funds	43,485	-	27,038	122,239	192,762
Internal service funds	252,761	78,714	42,210	2,126	375,811
2005 and prior delinquent tax	136,297	-	-	-	136,297
Building authority	-	-	244,730	-	244,730
Totals	<u>\$ 1,340,122</u>	<u>\$ 1,042,445</u>	<u>\$ 3,210,045</u>	<u>\$ 593,792</u>	<u>\$ 6,186,404</u>

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital assets

Capital assets activity for the primary government for the year ended September 30, 2008, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,052,586	\$ 1,171,000	\$ -	\$ 2,223,586
Capital assets, being depreciated:				
Buildings	16,945,370	58,431	-	17,003,801
Land improvements	599,741	12,979	-	612,720
Office equipment	2,640,461	116,185	-	2,756,646
Vehicles	1,316,026	234,741	(123,480)	1,427,287
Total capital assets being depreciated	21,501,598	422,336	(123,480)	21,800,454
Less accumulated depreciation for:				
Buildings	(5,276,024)	(411,822)	-	(5,687,846)
Land improvements	(431,043)	(18,652)	-	(449,695)
Office equipment	(1,733,104)	(201,690)	-	(1,934,794)
Vehicles	(1,017,456)	(193,839)	123,480	(1,087,815)
Total accumulated depreciation	(8,457,627)	(826,003)	123,480	(9,160,150)
Total capital assets being depreciated, net	13,043,971	(403,667)	-	12,640,304
Capital assets, net	\$ 14,096,557	\$ 767,333	\$ -	\$ 14,863,890

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets, being depreciated:				
Equipment	\$ 8,906	\$ -	\$ -	\$ 8,906
Less accumulated depreciation for:				
Equipment	(2,672)	(1,781)	-	(4,453)
Capital assets, net	<u>\$ 6,234</u>	<u>\$ (1,781)</u>	<u>\$ -</u>	<u>\$ 4,453</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation of governmental activities by function:

Judicial	\$ 506
General government	431,122
Public safety	94,511
Health and welfare	106,347
Recreation and cultural	13,280
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>180,237</u>
	<u>\$ 826,003</u>

Depreciation of business-type activities by function:

2005 and prior delinquent tax fund	<u>\$ 1,781</u>
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COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Discretely presented component units

Capital assets activity for the component units for the year ended September 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Central Dispatch Authority				
Capital assets, being depreciated:				
Equipment	\$ 287,295	\$ 2,714	\$ -	\$ 290,009
Less accumulated depreciation for:				
Equipment	(129,634)	(28,888)	-	(158,522)
Capital assets, net	<u>\$ 157,661</u>	<u>\$ (26,174)</u>	<u>\$ -</u>	<u>\$ 131,487</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Component Units				
Drain Commission				
Capital assets, being depreciated:				
Equipment	\$ 578,481	\$ -	\$ -	\$ 578,481
Less accumulated depreciation for:				
Equipment	(334,691)	(24,414)	-	(359,105)
Capital assets, net	<u>\$ 243,790</u>	<u>\$ (24,414)</u>	<u>\$ -</u>	<u>\$ 219,376</u>

F. Long-term debt

General Obligation Bonds. The government issues general obligation bonds to provide funds to construct major capital facilities and refund previously issued bonds. Such bonds are generally repaid from voter-approved property tax levies, interfund transfers and contributions from local municipalities. The County has pledged its full faith and credit for payment on the general obligation bonds. Also, under the terms of certain bond agreements, local units have pledged their full faith and credit to pay the County each year such amounts

General obligation bonds of business-type activities are offset by capital leases receivable from the local units of government for which the bonds were issued in the County's name. The terms of these capital leases, which relate to water and sewer systems constructed by the County on behalf of the local units, match the debt maturity requirements of the related bonds.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

General obligation bonds outstanding at year end are as follows:

	Issuance Date	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds							
<i>Governmental activities</i>							
FIA Building Authority	1/1/1995	4.4%-4.7%	\$ 895,000	\$ -	\$ 205,000	\$ 690,000	\$ 215,000
ISD Building Authority	5/1/1999	4.6%-4.65%	445,000	-	50,000	395,000	55,000
Medical Care Facility	12/1/2005	3.5%-5.0%	8,800,000	-	200,000	8,600,000	250,000
Mental Health Care Building	7/1/2006	5.0%	1,300,000	-	25,000	1,275,000	25,000
Total governmental activities			11,440,000	-	480,000	10,960,000	545,000
<i>Business-type activities</i>							
Chain of Lakes	12/1/2002	2.5%-4.55%	5,750,000	-	325,000	5,425,000	350,000
Hesperia Sanitary Sewer System	6/23/2005	1.63%	374,180	-	20,000	354,180	20,000
Hesperia Wastewater Project	1/2/1978	5.0%	275,000	-	25,000	250,000	25,000
White Cloud/Sherman Wastewater	1/2/1981	5.0%	695,000	-	50,000	645,000	50,000
Total business-type activities			7,094,180	-	420,000	6,674,180	445,000
Total General Obligation Bonds			\$ 18,534,180	\$ -	\$ 900,000	\$ 17,634,180	\$ 990,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Years Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 545,000	\$ 458,453	\$ 445,000	\$ 265,963
2010	615,000	436,435	445,000	250,515
2011	685,000	411,775	475,000	234,189
2012	495,000	383,598	475,000	215,971
2013	545,000	359,092	480,000	196,690
2014-2018	2,700,000	1,444,738	2,525,000	691,975
2019-2023	3,275,000	875,700	1,829,180	179,920
2023-2028	1,900,000	207,600	-	-
Thereafter	200,000	15,000	-	-
Total	\$ 10,960,000	\$ 4,592,391	\$ 6,674,180	\$ 2,035,223

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Changes in Long-Term Debt. Long-term liability activity for the year ended September 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 11,440,000	\$ -	\$ 480,000	\$ 10,960,000	\$ 545,000
Compensated absences	615,453	121,632	136,014	601,071	140,095
Total Governmental Activities	\$ 12,055,453	\$ 121,632	\$ 616,014	\$ 11,561,071	\$ 685,095
Business-type activities					
General obligation bonds	\$ 7,094,180	\$ -	\$ 420,000	\$ 6,674,180	\$ 445,000

For the governmental activities, compensated absences are generally liquidated by the general fund.

G. Short-term debt

Notes Payable. The 2006 and 2007 delinquent tax revolving funds issued notes payable for the 2006 and 2007 property tax settlements, respectively. Short-term debt activity for the year ended September 30, 2008, was as follows:

	Issuance Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>2006 Delinquent Tax Revolving Fund</i>							
Note payable	5/29/2007	Variable	\$ 2,800,000	\$ -	\$ 2,450,000	\$ 350,000	\$ 350,000
<i>2007 Delinquent Tax Revolving Fund</i>							
Note payable	5/28/2008	3.70%	-	4,600,000	1,550,000	3,050,000	3,050,000
Total			\$ 2,800,000	\$ 4,600,000	\$ 4,000,000	\$ 3,400,000	\$ 3,400,000

IV. OTHER INFORMATION

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is insured with private carriers for employee health care, life insurance, and disability coverage. The County is a member of the Michigan Association of Counties Workers Compensation Fund (MACWCF) for its worker's compensation coverage. The County is an individual member of the Michigan Municipal Risk Management Authority (MMRMA) for its property and general liability insurance coverage.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Changes in the estimated claims liability are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 88,551	\$ 135,988
Incurred claims	45,525	28,926
Claim payments	<u>(90,901)</u>	<u>(76,363)</u>
Unpaid claims, end of year	<u>\$ 43,175</u>	<u>\$ 88,551</u>

Additionally, the County provides health and wellness benefits to its employees through a self-insurance program that is administered by the County. Premiums are paid into the Health and Wellness internal service fund by all other funds and are available to pay claims and administrative costs of the program. Interfund premiums are based primarily upon claims experience and are reported as quasi-external interfund transactions.

The County estimates the liability for its self-insured coverages and includes both those claims that have been reported as well as those that have not yet been reported. These estimates are prepared with the assistance of the County's third-party administrators for claims management and are recorded in the Self-Insurance internal service fund. Changes in the estimated claims liability are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 163,146	\$ 164,805
Incurred claims	2,806,605	1,951,469
Claim payments	<u>(2,886,612)</u>	<u>(1,953,128)</u>
Unpaid claims, end of year	<u>\$ 83,139</u>	<u>\$ 163,146</u>

B. Property taxes

County property taxes are levied on July 1 of each year (the lien date) and are due in full by September 14, though they do not become delinquent until March 1 of the following year. For levies other than the General Fund, the lien date is December 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

The taxable value of real and personal property for the 2007 and 2008 levies, for which revenue was recognized in 2008, was \$1,337,715,399 and \$1,398,639,336, respectively. The general operating tax rate for this levy was 5.3685 mills for the with an additional 0.9985 mills assessed for Sheriff Road Patrol operations, .0916 mills assessed for Veterans' affairs, .4992 mills assessed for Newaygo County commission on aging, and 0.3900 mills assessed to fund debt service payments on the medical care facility bonds.

C. Contingent liabilities

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

D. Employee retirement systems and plans

Plan description

Based on hire date, some of the primary government's full-time employees are eligible to participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer, defined benefit pension plan. The System is administered by the MERS retirement board. MERS provides retirement and disability benefits, as well as death benefits to plan members and beneficiaries. The plan is currently closed to all employees who are currently offered participation in the defined contribution plan instead.

Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917, or by calling (800) 767-6377.

Funding policy

The County is required to contribute at an actuarially determined rate; the current rate for the County is 0% to 16.34% of annual covered payroll depending on the employee group. Participating employees are required to contribute 0% to 2.94% of their annual salary depending on their assigned department. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners, depending on the MERS contribution program adopted by the County.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

For the year ended September 30, 2008, the annual pension cost of \$457,375 was equal to the required and actual contributions of the County. The required contributions were determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year after retirement for certain retirees depending on the benefit option selected. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized over a range between 22-28 years, depending on the employee group, as a level percentage of projected payroll on an open basis. The latest actuarial valuation was performed as of December 31, 2007.

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	\$ 495,957	100%	-
2007	488,916	100	-
2008	457,375	100	-

Schedule of Funding Progress

<u>Actuarial Valuation Date 12/31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1998	\$ 14,810,407	\$13,243,852	\$ 1,566,555	89%	\$ 7,045,241	22%
1999	11,472,799	11,850,248	(377,448)	103	4,365,145	-
2000	13,107,951	13,098,225	9,726	100	3,843,903	-
2001	13,578,401	13,638,948	(60,547)	100	3,643,766	-
2002	15,057,351	14,102,298	955,053	94	3,739,059	26
2003	17,051,369	15,165,680	1,885,689	89	3,770,113	50
2004	17,892,948	15,877,399	2,015,549	89	3,275,879	62
2005	19,276,655	16,600,409	2,676,246	86	3,296,087	81
2006	19,685,623	17,533,131	2,152,492	89	3,127,892	69
2007	20,839,568	18,748,766	2,090,802	90	2,956,258	71

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

Defined Contribution Pension Plan

The County provides pension benefits for substantially all of its full-time employees through the Newaygo County Defined Contribution Pension Plan, a defined contribution plan. The Newaygo County Board of Commissioners is the administrator of the plan and also establishes and amends the plan provisions and the contribution requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate immediately upon hire. By County Resolution, the plan requires the County to contribute, on behalf of each covered employee, 5.0% of the employees' compensation. The County is also required to match employee contributions up to 3.0% of compensation.

Participants may make voluntary contributions into the plan. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested after four years of continuous service. The employee contributions become fully vested at the time of their contribution to the plan. County contributions for, and interest forfeited by, employees who leave employment before four years of service are used to reduce the County's current-period contribution requirement. Vesting is based on years of participation in the plan. If the employee withdraws from the plan, that period of time is not included as time vested.

The County made the required contribution to the plan, amounting to \$311,106, and employee contributions were \$117,148 for the year ended September 30, 2008.

E. Other postemployment benefits

Plan description. The County of Newaygo Retiree Healthcare Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the County of Newaygo. In addition to the retirement benefits described above, the Plan provides health insurance benefits, including medical and prescription coverage to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis.

Contributions. The contribution requirements of Plan members and the County are established and may be amended by the County Board of Commissioners. The required contribution is based on actuarially determined financed rates, with an additional amount to prefund benefits as determined annually by the County. For the year ended September 30, 2008, the County contributed \$33,600 to the Plan, all of which was to fund current year benefits. Plan members receiving benefits contributed \$58,214, or approximately 63% of total premiums, through their required contribution of 0% - 100%, depending on age and bargaining unit. Beginning with the fiscal year ending September 30, 2009, the County will be required to begin recognizing expenses for OPEB costs in the government-wide and proprietary fund financial statements based on an actuarially determined annual required contribution (ARC).

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2008 was as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio Total
12/31/2007	\$ -	\$ 9,298,209	\$ 9,298,209	0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Beginning with the year ended September 30, 2009, the County will be required to present a schedule of employer contributions, which shows trend information about the amounts contributed to the Plan by the County in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to the point. The actuarial methods and assumptions used to include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2007 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions includes: (a) a rate of return on investments of 6.0%; (b) projected salary increases of 4.5% attributable to inflation; (c) additional projected salary increases ranging from 0.3% to 8.4%, depending on age, attributable to seniority/merit; and (d) projected healthcare benefit increases of 4.5% to 11.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years on an open basis.

COUNTY OF NEWAYGO, MICHIGAN

Notes to Financial Statements

F. Long-term lease

The County is a party to a long-term lease agreement for rental of a building to the Intermediate School District. The lease stipulates that fixed annual rentals will be paid to the County by the Intermediate School District and such rentals are pledged exclusively for payment of principal and interest on the Building Authority bonds. In addition, the Intermediate School district pledges its unlimited tax, full faith, and credit as security under the lease. Fixed annual rentals will cease after all bonds have been retired and advanced rentals repaid. The lease agreement provides, further, that after all bonds are retired and advanced rentals repaid, title to the land and buildings will vest to the Intermediate School District.

G. Related party transactions

During the year, the County conducted business with two of its County Commissioners. These transactions were for tax reversion foreclosure consulting, and automobile repairs and maintenance and were in the amounts of \$133,986 and \$36,698, respectively.

H. Restatement

During the year ended September 30, 2008, the County changed its policy for recognizing interest revenue and administration fees on delinquent property taxes. The County has determined that these amounts are earned upon settlement, and as such, should be recorded as revenue and a related receivable at that time. This change resulted in an increase in beginning net assets of the 2005 and Prior Delinquent Tax Fund and 2006 Delinquent Tax Fund of \$147,147 and \$278,101, respectively. The net increase to beginning net assets of business-type activities was \$425,248.

* * * * *

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Special Revenue	Debt Service	Capital Projects	Totals
Assets				
Cash and cash equivalents	\$ 1,224,432	\$ 385,385	\$ 1,195,081	\$ 2,804,898
Accounts receivable	867,545	-	-	867,545
Due from other governmental units	259,632	-	-	259,632
Due from other funds	10,202	-	-	10,202
Total assets	\$ 2,361,811	\$ 385,385	\$ 1,195,081	\$ 3,942,277
Liabilities and fund balances				
Liabilities				
Interfund payable	\$ 77,474	\$ -	\$ -	\$ 77,474
Accounts payable	177,780	-	118	177,898
Accrued expenditures	96,671	-	-	96,671
Due to other governments	140,364	-	-	140,364
Total liabilities	492,289	-	118	492,407
Fund balances				
Reserved for long-term receivables	858,205	-	-	858,205
Unreserved, undesignated	1,011,317	385,385	1,194,963	2,591,665
Total fund balances	1,869,522	385,385	1,194,963	3,449,870
Total liabilities and fund balances	\$ 2,361,811	\$ 385,385	\$ 1,195,081	\$ 3,942,277

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Special Revenue	Debt Service	Capital Projects	Totals
Revenue				
Taxes	\$ 2,059,071	\$ 520,033	\$ -	\$ 2,579,104
Intergovernmental:				
Federal grants	829,276	-	-	829,276
State grants and distributions	1,312,406	-	-	1,312,406
Contributions from local units	14	240,580	137,096	377,690
Charges for services	1,447,569	-	-	1,447,569
Fines and forfeitures	4,683	-	-	4,683
Contributions from private sources	750,387	-	-	750,387
Interest	31,088	9,615	15,003	55,706
Reimbursements	120,931	-	-	120,931
Total revenue	6,555,425	770,228	152,099	7,477,752
Expenditures				
Current:				
Judicial	885,548	-	-	885,548
General government	232,620	-	-	232,620
Public safety	2,786,045	-	-	2,786,045
Public works	22,447	-	-	22,447
Health and welfare	4,529,124	-	-	4,529,124
Community and economic development	305,745	-	-	305,745
Recreation and cultural	348,903	-	-	348,903
Debt service:				
Principal	-	480,000	-	480,000
Interest	-	475,287	-	475,287
Capital outlay	9,250	-	56,867	66,117
Total expenditures	9,119,682	955,287	56,867	10,131,836
Revenue (under) over expenditures	(2,564,257)	(185,059)	95,232	(2,654,084)
Other financing sources (uses)				
Transfers in	2,560,315	244,730	405,000	3,210,045
Transfers out	(192,762)	-	-	(192,762)
Total other financing sources	2,367,553	244,730	405,000	3,017,283
Net changes in fund balances	(196,704)	59,671	500,232	363,199
Fund balances, beginning of year	2,066,226	325,714	694,731	3,086,671
Fund balances, end of year	\$ 1,869,522	\$ 385,385	\$ 1,194,963	\$ 3,449,870

COUNTY OF NEWAYGO, MICHIGAN

**Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2008**

	Newaygo County Mounted Division	Animal Control	Emergency Services	Crime Victim Rights	Sheriff Road Patrol
Assets					
Cash and cash equivalents	\$ 4,523	\$ 3,847	\$ 2,440	\$ -	\$ 121,143
Accounts receivable	-	-	402	-	-
Due from other governmental units	-	-	45,148	8,335	-
Due from other funds	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 4,523	\$ 3,847	\$ 47,990	\$ 8,335	\$ 121,143
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities and fund balances					
Liabilities					
Interfund payable	\$ -	\$ -	\$ -	\$ 256	\$ -
Accounts payable	934	1,178	3,121	-	30,210
Accrued expenditures	-	2,571	1,736	935	27,652
Due to other governmental units	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	934	3,749	4,857	1,191	57,862
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances					
Reserved for long-term receivables	-	-	-	-	-
Unreserved, undesignated	3,589	98	43,133	7,144	63,281
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	3,589	98	43,133	7,144	63,281
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 4,523	\$ 3,847	\$ 47,990	\$ 8,335	\$ 121,143
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Law Enforcement	County Parks	County Jail Trustees Management	Transport Fund	Elections	Friend of the Court	Public Works
\$ -	\$ -	\$ 36,979	\$ -	\$ 10,455	\$ -	\$ 14,901
-	8,938	-	-	-	-	-
27,388	7,650	11,650	22,474	-	101,914	-
-	10,202	-	-	-	-	-
\$ 27,388	\$ 26,790	\$ 48,629	\$ 22,474	\$ 10,455	\$ 101,914	\$ 14,901
\$ 12,559	\$ 6,124	\$ -	\$ 18,531	\$ -	\$ 40,004	\$ -
1,375	1,457	-	71	204	2,324	-
1,502	4,004	2,428	3,027	595	14,695	175
-	-	-	-	-	-	-
15,436	11,585	2,428	21,629	799	57,023	175
-	-	-	-	-	-	-
11,952	15,205	46,201	845	9,656	44,891	14,726
11,952	15,205	46,201	845	9,656	44,891	14,726
\$ 27,388	\$ 26,790	\$ 48,629	\$ 22,474	\$ 10,455	\$ 101,914	\$ 14,901

continued...

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
September 30, 2008

	Recycling Project	Gypsy Moth Suppression	Community Development	Public Improvement	Building Safety and Permits
Assets					
Cash and cash equivalents	\$ -	\$ 37,815	\$ 40,711	\$ 8,064	\$ 4,101
Accounts receivable	-	-	858,205	-	-
Due from other governmental units	-	-	24,849	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ -	\$ 37,815	\$ 923,765	\$ 8,064	\$ 4,101
Liabilities and fund balances					
Liabilities					
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	11,345	-	118
Accrued expenditures	-	-	1,524	-	3,298
Due to other governmental units	-	-	-	-	-
Total liabilities	-	-	12,869	-	3,416
Fund balances					
Reserved for long-term receivables	-	-	858,205	-	-
Unreserved, undesignated	-	37,815	52,691	8,064	685
Total fund balances	-	37,815	910,896	8,064	685
Total liabilities and fund balances	\$ -	\$ 37,815	\$ 923,765	\$ 8,064	\$ 4,101

Homestead Exemption Audit	Register of Deeds Automation	Electronic Systems	Budget Stabilization	Drug Law Enforcement	County Law Library	Social Services
\$ 12,914	\$ 76,591	\$ 23,608	\$ 75,000	\$ 3,655	\$ 49,205	\$ 134,510
-	-	-	-	-	-	-
-	-	-	-	8,462	-	-
-	-	-	-	-	-	-
\$ 12,914	\$ 76,591	\$ 23,608	\$ 75,000	\$ 12,117	\$ 49,205	\$ 134,510
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	6,969	2,284	-	-	-	22,273
-	-	-	-	1,729	-	-
6,209	-	-	-	-	-	58,000
6,209	6,969	2,284	-	1,729	-	80,273
-	-	-	-	-	-	-
6,705	69,622	21,324	75,000	10,388	49,205	54,237
6,705	69,622	21,324	75,000	10,388	49,205	54,237
\$ 12,914	\$ 76,591	\$ 23,608	\$ 75,000	\$ 12,117	\$ 49,205	\$ 134,510

continued...

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Concluded)
September 30, 2008

	Child Care	Soldiers' Relief	Veterans' Trust	Commission on Aging	Total
Assets					
Cash and cash equivalents	\$ 141,057	\$ 159,454	\$ 3,569	\$ 259,890	\$ 1,224,432
Accounts receivable	-	-	-	-	867,545
Due from other governmental units	1,762	-	-	-	259,632
Due from other funds	-	-	-	-	10,202
Total assets	\$ 142,819	\$ 159,454	\$ 3,569	\$ 259,890	\$ 2,361,811
Liabilities and fund balances					
Liabilities					
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ 77,474
Accounts payable	60,100	2,848	701	30,268	177,780
Accrued expenditures	5,763	1,292	-	23,745	96,671
Due to other governmental units	76,155	-	-	-	140,364
Total liabilities	142,018	4,140	701	54,013	492,289
Fund balances					
Reserved for long-term receivables	-	-	-	-	858,205
Unreserved, undesignated	801	155,314	2,868	205,877	1,011,317
Total fund balances	801	155,314	2,868	205,877	1,869,522
Total liabilities and fund balances	\$ 142,819	\$ 159,454	\$ 3,569	\$ 259,890	\$ 2,361,811

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	Newaygo County Mounted Division	Animal Control	Emergency Services	Crime Victim Rights	Sheriff Road Patrol
Revenue					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,293,813
Intergovernmental:					
Federal grants	-	-	74,074	-	-
State grants and distributions	-	-	-	35,600	-
Contributions from local units	-	-	-	-	-
Charges for services	-	55,989	-	-	46,152
Fines and forfeitures	-	-	-	-	-
Contributions from private sources	3,500	5,390	-	-	-
Interest	-	-	-	-	8,460
Reimbursements	50	-	2,086	-	-
Total revenue	3,550	61,379	76,160	35,600	1,348,425
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	3,420	171,617	126,598	52,764	1,628,256
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and cultural	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	3,420	171,617	126,598	52,764	1,628,256
Revenue over (under) expenditures	130	(110,238)	(50,438)	(17,164)	(279,831)
Other financing sources (uses)					
Transfers in	-	109,400	36,915	18,172	451,738
Transfers out	-	-	-	-	(114,525)
Total other financing sources (uses)	-	109,400	36,915	18,172	337,213
Net changes in fund balances	130	(838)	(13,523)	1,008	57,382
Fund balances, beginning of year	3,459	936	56,656	6,136	5,899
Fund balances, end of year	\$ 3,589	\$ 98	\$ 43,133	\$ 7,144	\$ 63,281

Law Enforcement	County Parks	County Jail Trustees Management	Transport Fund	Elections	Friend of the Court	Public Works
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	505,185	-
100,124	7,650	-	-	-	58,115	-
-	-	-	-	-	-	-
-	305,410	141,046	133,111	63,227	67,592	-
-	-	-	-	-	-	-
-	9,180	-	-	-	-	1,752
-	-	-	-	-	-	-
-	7,059	-	-	854	-	-
100,124	329,299	141,046	133,111	64,081	630,892	1,752
-	-	-	-	-	877,567	-
-	-	-	-	134,362	-	-
99,976	-	124,349	167,920	-	-	-
-	-	-	-	-	-	22,433
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	348,903	-	-	-	-	-
-	9,250	-	-	-	-	-
99,976	358,153	124,349	167,920	134,362	877,567	22,433
148	(28,854)	16,697	(34,809)	(70,281)	(246,675)	(20,681)
11,791	80,202	-	42,248	60,000	177,429	27,187
-	(66,195)	-	(7,000)	-	-	-
11,791	14,007	-	35,248	60,000	177,429	27,187
11,939	(14,847)	16,697	439	(10,281)	(69,246)	6,506
13	30,052	29,504	406	19,937	114,137	8,220
\$ 11,952	\$ 15,205	\$ 46,201	\$ 845	\$ 9,656	\$ 44,891	\$ 14,726

continued...

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2008

	Recycling Project	Gypsy Moth Suppression	Community Development	Public Improvement	Building Safety and Permits
Revenue					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Federal grants	-	-	164,169	-	-
State grants and distributions	-	-	-	-	-
Contributions from local units	14	-	-	-	-
Charges for services	-	-	1,300	-	266,689
Fines and forfeitures	-	-	-	-	-
Contributions from private sources	-	-	41,351	-	-
Interest	-	-	6,650	60	-
Reimbursements	-	-	97,077	-	-
Total revenue	14	-	310,547	60	266,689
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	332,332
Public works	14	-	-	-	-
Health and welfare	-	684	-	-	-
Community and economic development	-	-	305,745	-	-
Recreation and cultural	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	14	684	305,745	-	332,332
Revenue over (under) expenditures	-	(684)	4,802	60	(65,643)
Other financing sources (uses)					
Transfers in	-	-	45,000	-	59,585
Transfers out	-	-	-	-	(5,042)
Total other financing sources (uses)	-	-	45,000	-	54,543
Net changes in fund balances	-	(684)	49,802	60	(11,100)
Fund balances, beginning of year	-	38,499	861,094	8,004	11,785
Fund balances, end of year	\$ -	\$ 37,815	\$ 910,896	\$ 8,064	\$ 685

Homestead Exemption Audit	Register of Deeds Automation	Electronic Systems	Budget Stabilization	Drug Law Enforcement	County Law Library	Social Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	36,933	-	-
-	-	-	-	-	-	376,361
-	-	-	-	-	-	-
-	60,860	-	-	-	-	170,616
-	-	-	-	183	4,500	-
-	-	-	-	-	-	-
417	1,993	-	-	103	-	3,553
-	819	-	-	-	-	-
417	63,672	-	-	37,219	4,500	550,530
-	-	-	-	-	7,981	-
973	64,798	32,487	-	-	-	-
-	-	-	-	78,813	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	604,039
-	-	-	-	-	-	-
-	-	-	-	-	-	-
973	64,798	32,487	-	78,813	7,981	604,039
(556)	(1,126)	(32,487)	-	(41,594)	(3,481)	(53,509)
-	-	21,696	45,000	28,176	1,583	37,588
-	-	-	-	-	-	-
-	-	21,696	45,000	28,176	1,583	37,588
(556)	(1,126)	(10,791)	45,000	(13,418)	(1,898)	(15,921)
7,261	70,748	32,115	30,000	23,806	51,103	70,158
\$ 6,705	\$ 69,622	\$ 21,324	\$ 75,000	\$ 10,388	\$ 49,205	\$ 54,237

continued...

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Concluded)
For the Year Ended September 30, 2008

	Child Care	Soldiers' Relief	Veterans' Trust	Commission on Aging	Total
Revenue					
Taxes	\$ -	\$ 118,500	\$ -	\$ 646,758	\$ 2,059,071
Intergovernmental:					
Federal grants	16,576	-	-	32,339	829,276
State grants and distributions	618,861	-	1,030	114,665	1,312,406
Contributions from local units	-	-	-	-	14
Charges for services	25,626	-	-	109,951	1,447,569
Fines and forfeitures	-	-	-	-	4,683
Contributions from private sources	-	-	-	689,214	750,387
Interest	-	-	-	9,852	31,088
Reimbursements	1,440	-	-	11,546	120,931
Total revenue	662,503	118,500	1,030	1,614,325	6,555,425
Expenditures					
Current:					
Judicial	-	-	-	-	885,548
General government	-	-	-	-	232,620
Public safety	-	-	-	-	2,786,045
Public works	-	-	-	-	22,447
Health and welfare	1,925,274	203,141	692	1,795,294	4,529,124
Community and economic development	-	-	-	-	305,745
Recreation and cultural	-	-	-	-	348,903
Capital outlay	-	-	-	-	9,250
Total expenditures	1,925,274	203,141	692	1,795,294	9,119,682
Revenue over (under) expenditures	(1,262,771)	(84,641)	338	(180,969)	(2,564,257)
Other financing sources (uses)					
Transfers in	1,256,925	15,953	-	33,727	2,560,315
Transfers out	-	-	-	-	(192,762)
Total other financing sources (uses)	1,256,925	15,953	-	33,727	2,367,553
Net changes in fund balances	(5,846)	(68,688)	338	(147,242)	(196,704)
Fund balances, beginning of year	6,647	224,002	2,530	353,119	2,066,226
Fund balances, end of year	\$ 801	\$ 155,314	\$ 2,868	\$ 205,877	\$ 1,869,522

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2008

	Newaygo County Mounted Division		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental:			
Federal	-	-	-
State	-	-	-
Contributions from local units	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions from private sources	4,000	3,500	(500)
Interest	-	-	-
Reimbursements	-	50	50
	<hr/>	<hr/>	<hr/>
Total revenue	4,000	3,550	(450)
	<hr/>	<hr/>	<hr/>
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	4,000	3,420	(580)
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	4,000	3,420	(580)
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	-	130	130
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	-	130	130
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	3,459	3,459	-
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 3,459</u>	<u>\$ 3,589</u>	<u>\$ 130</u>

Animal Control			Emergency Services		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	78,030	74,074	(3,956)
-	-	-	-	-	-
-	-	-	-	-	-
60,000	55,989	(4,011)	-	-	-
-	-	-	-	-	-
6,600	5,390	(1,210)	-	-	-
-	-	-	-	-	-
-	-	-	1,587	2,086	499
66,600	61,379	(5,221)	79,617	76,160	(3,457)
-	-	-	-	-	-
-	-	-	-	-	-
173,100	171,617	(1,483)	140,532	126,598	(13,934)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
173,100	171,617	(1,483)	140,532	126,598	(13,934)
(106,500)	(110,238)	(3,738)	(60,915)	(50,438)	10,477
106,500	109,400	2,900	36,915	36,915	-
-	-	-	-	-	-
106,500	109,400	2,900	36,915	36,915	-
-	(838)	(838)	(24,000)	(13,523)	10,477
936	936	-	56,656	56,656	-
\$ 936	\$ 98	\$ (838)	\$ 32,656	\$ 43,133	\$ 10,477

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2008

	Crime Victim Rights		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental:			
Federal	-	-	-
State	35,600	35,600	-
Contributions from local units	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions from private sources	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
	35,600	35,600	-
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	53,772	52,764	(1,008)
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
	53,772	52,764	(1,008)
Revenue over (under) expenditures	(18,172)	(17,164)	1,008
Other financing sources (uses)			
Transfers in	18,172	18,172	-
Transfers out	-	-	-
	18,172	18,172	-
Net changes in fund balances	-	1,008	1,008
Fund balances, beginning of year	6,136	6,136	-
Fund balances, end of year	\$ 6,136	\$ 7,144	\$ 1,008

Sheriff Road Patrol			Law Enforcement		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 1,302,340	\$ 1,293,813	\$ (8,527)	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,000	-	(3,000)	101,202	100,124	(1,078)
500	-	(500)	-	-	-
40,196	46,152	5,956	-	-	-
-	-	-	-	-	-
-	-	-	1,000	-	(1,000)
5,337	8,460	3,123	-	-	-
-	-	-	-	-	-
1,351,373	1,348,425	(2,948)	102,202	100,124	(2,078)
-	-	-	-	-	-
-	-	-	-	-	-
1,656,016	1,628,256	(27,760)	113,993	99,976	(14,017)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
50,000	-	(50,000)	-	-	-
1,706,016	1,628,256	(77,760)	113,993	99,976	(14,017)
(354,643)	(279,831)	74,812	(11,791)	148	11,939
451,738	451,738	-	11,791	11,791	-
(97,095)	(114,525)	(17,430)	-	-	-
354,643	337,213	(17,430)	11,791	11,791	-
-	57,382	57,382	-	11,939	11,939
5,899	5,899	-	13	13	-
\$ 5,899	\$ 63,281	\$ 57,382	\$ 13	\$ 11,952	\$ 11,939

continued...

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2008

	County Parks		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental:			
Federal	-	-	-
State	7,650	7,650	-
Contributions from local units	-	-	-
Charges for services	331,868	305,410	(26,458)
Fines and forfeitures	-	-	-
Contributions from private sources	9,180	9,180	-
Interest	-	-	-
Reimbursements	9,350	7,059	(2,291)
	<hr/>	<hr/>	<hr/>
Total revenue	358,048	329,299	(28,749)
	<hr/>	<hr/>	<hr/>
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	380,609	348,903	(31,706)
Capital outlay	9,250	9,250	-
	<hr/>	<hr/>	<hr/>
Total expenditures	389,859	358,153	(31,706)
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(31,811)	(28,854)	2,957
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfers in	70,000	80,202	10,202
Transfers out	(66,639)	(66,195)	444
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	3,361	14,007	10,646
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(28,450)	(14,847)	13,603
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	30,052	30,052	-
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 1,602	\$ 15,205	\$ 13,603
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

County Jail			Transport Fund		
Trustees Management					
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
126,534	141,046	14,512	148,255	133,111	(15,144)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
126,534	141,046	14,512	148,255	133,111	(15,144)
-	-	-	-	-	-
-	-	-	-	-	-
134,246	124,349	(9,897)	170,203	167,920	(2,283)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
134,246	124,349	(9,897)	170,203	167,920	(2,283)
(7,712)	16,697	24,409	(21,948)	(34,809)	(12,861)
-	-	-	28,948	42,248	13,300
-	-	-	(7,000)	(7,000)	-
-	-	-	21,948	35,248	13,300
(7,712)	16,697	24,409	-	439	439
29,504	29,504	-	406	406	-
\$ 21,792	\$ 46,201	\$ 24,409	\$ 406	\$ 845	\$ 439

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2008

	Elections		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental:			
Federal	-	-	-
State	-	-	-
Contributions from local units	-	-	-
Charges for services	62,547	63,227	680
Fines and forfeitures	-	-	-
Contributions from private sources	-	-	-
Interest	-	-	-
Reimbursements	1,500	854	(646)
Total revenue	64,047	64,081	34
Expenditures			
Current:			
Judicial	-	-	-
General government	135,525	134,362	(1,163)
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	135,525	134,362	(1,163)
Revenue over (under) expenditures	(71,478)	(70,281)	1,197
Other financing sources (uses)			
Transfers in	60,000	60,000	-
Transfers out	-	-	-
Total other financing sources (uses)	60,000	60,000	-
Net changes in fund balances	(11,478)	(10,281)	1,197
Fund balances, beginning of year	19,937	19,937	-
Fund balances, end of year	\$ 8,459	\$ 9,656	\$ 1,197

Friend of the Court			Public Works		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
538,161	505,185	(32,976)	-	-	-
2,000	58,115	56,115	-	-	-
-	-	-	-	-	-
63,000	67,592	4,592	-	-	-
-	-	-	-	-	-
-	-	-	1,382	1,752	370
-	-	-	-	-	-
1,000	-	(1,000)	-	-	-
604,161	630,892	26,731	1,382	1,752	370
924,552	877,567	(46,985)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	28,569	22,433	(6,136)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
924,552	877,567	(46,985)	28,569	22,433	(6,136)
(320,391)	(246,675)	73,716	(27,187)	(20,681)	6,506
210,391	177,429	(32,962)	27,187	27,187	-
-	-	-	-	-	-
210,391	177,429	(32,962)	27,187	27,187	-
(110,000)	(69,246)	40,754	-	6,506	6,506
114,137	114,137	-	8,220	8,220	-
\$ 4,137	\$ 44,891	\$ 40,754	\$ 8,220	\$ 14,726	\$ 6,506

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2008

	Recycling Project		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental:			
Federal	-	-	-
State	-	-	-
Contributions from local units	15	14	(1)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions from private sources	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	15	14	(1)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	15	14	(1)
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	15	14	(1)
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Gypsy Moth Suppression			Community Development		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	109,583	164,169	54,586
-	-	-	3,837	-	(3,837)
-	-	-	-	-	-
-	-	-	1,300	1,300	-
-	-	-	-	-	-
-	-	-	41,000	41,351	351
-	-	-	1,650	6,650	5,000
-	-	-	29,000	97,077	68,077
-	-	-	186,370	310,547	124,177
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,380	684	(7,696)	-	-	-
-	-	-	251,122	305,745	54,623
-	-	-	-	-	-
-	-	-	-	-	-
8,380	684	(7,696)	251,122	305,745	54,623
(8,380)	(684)	7,696	(64,752)	4,802	69,554
-	-	-	45,000	45,000	-
-	-	-	-	-	-
-	-	-	45,000	45,000	-
(8,380)	(684)	7,696	(19,752)	49,802	69,554
38,499	38,499	-	861,094	861,094	-
\$ 30,119	\$ 37,815	\$ 7,696	\$ 841,342	\$ 910,896	\$ 69,554

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2008

	Public Improvement		
	Final		Actual
	Budget	Actual	Over (Under)
			Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental:			
Federal	-	-	-
State	-	-	-
Contributions from local units	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions from private sources	-	-	-
Interest	-	60	60
Reimbursements	-	-	-
Total revenue	-	60	60
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Revenue over (under) expenditures	-	60	60
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	60	60
Fund balances, beginning of year	8,004	8,004	-
Fund balances, end of year	\$ 8,004	\$ 8,064	\$ 60

Building Safety and Permits			Homestead Exemption Audit		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
301,022	266,689	(34,333)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,500	417	(1,083)
-	-	-	-	-	-
301,022	266,689	(34,333)	1,500	417	(1,083)
-	-	-	-	-	-
-	-	-	1,500	973	(527)
347,480	332,332	(15,148)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
347,480	332,332	(15,148)	1,500	973	(527)
(46,458)	(65,643)	(19,185)	-	(556)	(556)
51,500	59,585	8,085	-	-	-
(5,042)	(5,042)	-	-	-	-
46,458	54,543	8,085	-	-	-
-	(11,100)	(11,100)	-	(556)	(556)
11,785	11,785	-	7,261	7,261	-
\$ 11,785	\$ 685	\$ (11,100)	\$ 7,261	\$ 6,705	\$ (556)

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2008

	Register of Deeds Automation		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental:			
Federal	-	-	-
State	-	-	-
Contributions from local units	-	-	-
Charges for services	75,000	60,860	(14,140)
Fines and forfeitures	-	-	-
Contributions from private sources	-	-	-
Interest	2,500	1,993	(507)
Reimbursements	-	819	819
Total revenue	77,500	63,672	(13,828)
Expenditures			
Current:			
Judicial	-	-	-
General government	77,500	64,798	(12,702)
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	77,500	64,798	(12,702)
Revenue over (under) expenditures	-	(1,126)	(1,126)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(1,126)	(1,126)
Fund balances, beginning of year	70,748	70,748	-
Fund balances, end of year	\$ 70,748	\$ 69,622	\$ (1,126)

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2008

	Drug Law Enforcement		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental:			
Federal	58,782	36,933	(21,849)
State	-	-	-
Contributions from local units	-	-	-
Charges for services	-	-	-
Fines and forfeitures	1,000	183	(817)
Contributions from private sources	-	-	-
Interest	-	103	103
Reimbursements	-	-	-
Total revenue	59,782	37,219	(22,563)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	88,618	78,813	(9,805)
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	88,618	78,813	(9,805)
Revenue over (under) expenditures	(28,836)	(41,594)	(12,758)
Other financing sources (uses)			
Transfers in	10,836	28,176	17,340
Transfers out	-	-	-
Total other financing sources (uses)	10,836	28,176	17,340
Net changes in fund balances	(18,000)	(13,418)	4,582
Fund balances, beginning of year	23,806	23,806	-
Fund balances, end of year	\$ 5,806	\$ 10,388	\$ 4,582

County Law Library			Social Services		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	402,153	376,361	(25,792)
-	-	-	-	-	-
-	-	-	212,268	170,616	(41,652)
6,500	4,500	(2,000)	-	-	-
-	-	-	-	-	-
-	-	-	6,610	3,553	(3,057)
-	-	-	-	-	-
6,500	4,500	(2,000)	621,031	550,530	(70,501)
8,411	7,981	(430)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	658,619	604,039	(54,580)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,411	7,981	(430)	658,619	604,039	(54,580)
(1,911)	(3,481)	(1,570)	(37,588)	(53,509)	(15,921)
1,583	1,583	-	37,588	37,588	-
-	-	-	-	-	-
1,583	1,583	-	37,588	37,588	-
(328)	(1,898)	(1,570)	-	(15,921)	(15,921)
51,103	51,103	-	70,158	70,158	-
\$ 50,775	\$ 49,205	\$ (1,570)	\$ 70,158	\$ 54,237	\$ (15,921)

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Continued)
For the Year Ended September 30, 2008

	Child Care		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Intergovernmental:			
Federal	30,999	16,576	(14,423)
State	562,797	618,861	56,064
Contributions from local units	-	-	-
Charges for services	34,011	25,626	(8,385)
Fines and forfeitures	-	-	-
Contributions from private sources	-	-	-
Interest	-	-	-
Reimbursements	-	1,440	1,440
Total revenue	627,807	662,503	34,696
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	1,598,582	1,925,274	326,692
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	1,598,582	1,925,274	326,692
Revenue over (under) expenditures	(970,775)	(1,262,771)	(291,996)
Other financing sources (uses)			
Transfers in	970,775	1,256,925	286,150
Transfers out	-	-	-
Total other financing sources (uses)	970,775	1,256,925	286,150
Net changes in fund balances	-	(5,846)	(5,846)
Fund balances, beginning of year	6,647	6,647	-
Fund balances, end of year	\$ 6,647	\$ 801	\$ (5,846)

Soldiers' Relief			Veterans' Trust		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 116,735	\$ 118,500	\$ 1,765	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	3,580	1,030	(2,550)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	-	(2,000)	-	-	-
118,735	118,500	(235)	3,580	1,030	(2,550)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
212,718	203,141	(9,577)	3,580	692	(2,888)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
212,718	203,141	(9,577)	3,580	692	(2,888)
(93,983)	(84,641)	9,342	-	338	338
15,953	15,953	-	-	-	-
-	-	-	-	-	-
15,953	15,953	-	-	-	-
(78,030)	(68,688)	9,342	-	338	338
224,002	224,002	-	2,530	2,530	-
\$ 145,972	\$ 155,314	\$ 9,342	\$ 2,530	\$ 2,868	\$ 338

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds (Concluded)
For the Year Ended September 30, 2008

	Commission on Aging		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	\$ 650,038	\$ 646,758	\$ (3,280)
Intergovernmental:			
Federal	89,959	32,339	(57,620)
State	203,677	114,665	(89,012)
Contributions from local units	-	-	-
Charges for services	110,721	109,951	(770)
Fines and forfeitures	-	-	-
Contributions from private sources	739,499	689,214	(50,285)
Interest	17,000	9,852	(7,148)
Reimbursements	11,550	11,546	(4)
Total revenue	1,822,444	1,614,325	(208,119)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	1,945,634	1,795,294	(150,340)
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	1,945,634	1,795,294	(150,340)
Revenue over (under) expenditures	(123,190)	(180,969)	(57,779)
Other financing sources (uses)			
Transfers in	34,136	33,727	(409)
Transfers out	24,000	-	(24,000)
Total other financing sources (uses)	58,136	33,727	(24,409)
Net changes in fund balances	(65,054)	(147,242)	(82,188)
Fund balances, beginning of year	353,119	353,119	-
Fund balances, end of year	\$ 288,065	\$ 205,877	\$ (82,188)

Total			
	Final Budget	Actual	Actual Over (Under) Final Budget
\$	2,069,113	\$ 2,059,071	\$ (10,042)
	905,514	829,276	(76,238)
	1,325,496	1,312,406	(13,090)
	515	14	(501)
	1,566,722	1,447,569	(119,153)
	7,500	4,683	(2,817)
	802,661	750,387	(52,274)
	34,597	31,088	(3,509)
	55,987	120,931	64,944
	6,768,105	6,555,425	(212,680)
	932,963	885,548	(47,415)
	250,879	232,620	(18,259)
	2,881,960	2,786,045	(95,915)
	28,584	22,447	(6,137)
	4,427,513	4,529,124	101,611
	251,122	305,745	54,623
	380,609	348,903	(31,706)
	59,250	9,250	(50,000)
	9,212,880	9,119,682	(93,198)
	(2,444,775)	(2,564,257)	(119,482)
	2,255,709	2,560,315	304,606
	(151,776)	(192,762)	(40,986)
	2,103,933	2,367,553	263,620
	(340,842)	(196,704)	144,138
	2,066,226	2,066,226	-
\$	1,725,384	\$ 1,869,522	\$ 144,138

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2008

	ISD	FIA	Medical Care Facility	2006 Bonds	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 302,386	\$ 82,999	\$ 385,385
Fund balances					
Unreserved, undesignated	\$ -	\$ -	\$ 302,386	\$ 82,999	\$ 385,385

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended September 30, 2008

	ISD	FIA	Medical Care Facility	2006 Bonds	Total
Revenue					
Property tax revenue	\$ -	\$ -	\$ 520,033	\$ -	\$ 520,033
Contributions from local units	70,968	-	-	169,612	240,580
Interest	-	-	9,615	-	9,615
Total revenue	70,968	-	529,648	169,612	770,228
Expenditures					
Debt service:					
Principal	50,000	205,000	200,000	25,000	480,000
Interest and fiscal charges	20,968	39,730	352,976	61,613	475,287
Total expenditures	70,968	244,730	552,976	86,613	955,287
Revenue (under) over expenditures	-	(244,730)	(23,328)	82,999	(185,059)
Other financing sources					
Transfers in	-	244,730	-	-	244,730
Net changes in fund balances	-	-	(23,328)	82,999	59,671
Fund balances, beginning of year	-	-	325,714	-	325,714
Fund balances, end of year	\$ -	\$ -	\$ 302,386	\$ 82,999	\$ 385,385

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Project Funds
September 30, 2008

	Jail Kitchen	FIA Construction	Public Works Construction	Mental Health Building Construction	Capital Improvements	Total
Assets						
Cash and cash equivalents	\$ 7,417	\$ 512,197	\$ 349	\$ 118	\$ 675,000	\$ 1,195,081
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 118	\$ -	\$ 118
Fund balances						
Unreserved, undesignated	7,417	512,197	349	-	675,000	1,194,963
Total liabilities and fund balances	\$ 7,417	\$ 512,197	\$ 349	\$ 118	\$ 675,000	\$ 1,195,081

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended September 30, 2008

	Jail Kitchen	FIA Construction	Public Works Construction	Mental Health Building Construction	Capital Improvements	Total
Revenue						
Contributions from local governments	\$ -	\$ -	\$ 137,096	\$ -	\$ -	\$ 137,096
Interest	-	14,002	1	1,000	-	15,003
Total revenue	-	14,002	137,097	1,000	-	152,099
Expenditures						
Capital outlay	-	-	12,096	44,771	-	56,867
Revenue over (under) expenditures	-	14,002	125,001	(43,771)	-	95,232
Other financing sources						
Transfers in	-	-	-	-	405,000	405,000
Net changes in fund balances	-	14,002	125,001	(43,771)	405,000	500,232
Fund balances (deficit), beginning of year	7,417	498,195	(124,652)	43,771	270,000	694,731
Fund balances, end of year	\$ 7,417	\$ 512,197	\$ 349	\$ -	\$ 675,000	\$ 1,194,963

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
September 30, 2008

	2006 Delinquent Tax	P.A. 123	Building Authority	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 78,183	\$ 700,714	\$ 52,375	\$ 831,272
Investments	-	846,142	-	846,142
Accounts receivable	-	1,238	-	1,238
Total current assets	<u>78,183</u>	<u>1,548,094</u>	<u>52,375</u>	<u>1,678,652</u>
Noncurrent assets:				
Delinquent taxes receivable	908,799	-	-	908,799
Capital assets being depreciated, net	-	4,453	-	4,453
Total noncurrent assets	<u>908,799</u>	<u>4,453</u>	<u>-</u>	<u>913,252</u>
Total assets	<u>986,982</u>	<u>1,552,547</u>	<u>52,375</u>	<u>2,591,904</u>
Liabilities				
Current liabilities:				
Accounts payable	-	38,146	1,800	39,946
Note payable	350,000	-	-	350,000
Total liabilities (all current)	<u>350,000</u>	<u>38,146</u>	<u>1,800</u>	<u>389,946</u>
Net assets				
Invested in capital assets	-	4,453	-	4,453
Unrestricted	636,982	1,509,948	50,575	2,197,505
Total net assets	<u>\$ 636,982</u>	<u>\$ 1,514,401</u>	<u>\$ 50,575</u>	<u>\$ 2,201,958</u>

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended September 30, 2008

	2006			
	Delinquent		Building	
	Tax	P.A. 123	Authority	Total
Operating revenue				
Charges for services	\$ -	\$ 23,997	\$ -	\$ 23,997
Rents	-	-	317,180	317,180
Interest and penalties on delinquent taxes	246,352	-	-	246,352
Reimbursements	-	246,695	-	246,695
Total operating revenue	246,352	270,692	317,180	834,224
Operating expense				
Supplies and operating expenses	288	214,243	152,601	367,132
Land sale disbursements	-	197,117	-	197,117
Depreciation	-	1,781	-	1,781
Total operating expense	288	413,141	152,601	566,030
Operating income (loss)	246,064	(142,449)	164,579	268,194
Nonoperating revenue (expenses)				
Interest revenue	1,386	52,607	-	53,993
Interest expense	(64,083)	-	-	(64,083)
Total nonoperating revenue (expenses)	(62,697)	52,607	-	(10,090)
Income (loss) before transfers	183,367	(89,842)	164,579	258,104
Transfers out	-	-	(244,730)	(244,730)
Change in net assets	183,367	(89,842)	(80,151)	13,374
Net assets, beginning of year	453,615	1,604,243	130,726	2,188,584
Net assets, end of year	\$ 636,982	\$ 1,514,401	\$ 50,575	\$ 2,201,958

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2008

	2006 Delinquent Tax	P.A. 123	Building Authority	Total
Cash flows from operating activities				
Cash received from customers	\$ 2,053,223	\$ 269,454	\$ 317,180	\$ 2,639,857
Cash payments to suppliers for goods and services	(288)	(373,214)	(152,601)	(526,103)
Net cash provided by (used in) operating activities	2,052,935	(103,760)	164,579	2,113,754
Cash flows from capital and related financing activities				
Transfer of capital assets	-	6,234	-	6,234
Cash flows from non-capital financing activities				
Principal payments on note payable	(2,450,000)	-	-	(2,450,000)
Interest payments on note payable	(64,083)	-	-	(64,083)
Transfers out	-	-	(244,730)	(244,730)
Net cash used in non-capital financing activities	(2,514,083)	-	(244,730)	(2,758,813)
Cash flows from capital and related financing activities				
Transfer of capital assets	-	6,234	-	6,234
Cash flows from investing activities				
Purchases of investments	-	(846,142)	-	(846,142)
Interest received	1,386	52,607	-	53,993
Net cash provided by (used in) investing activities	1,386	(793,535)	-	(792,149)
Net decrease in cash and cash equivalents	(459,762)	(891,061)	(80,151)	(1,430,974)
Cash and cash equivalents, beginning of year	537,945	1,591,775	132,526	2,262,246
Cash and cash equivalents, end of year	<u>\$ 78,183</u>	<u>\$ 700,714</u>	<u>\$ 52,375</u>	<u>\$ 831,272</u>

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COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Concluded)
For the Year Ended September 30, 2008

	2006 Delinquent Tax	P.A. 123	Building Authority	Total
Cash flows from operating activities				
Operating income (loss)	\$ 246,064	\$ (142,449)	\$ 164,579	\$ 268,194
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	-	1,781	-	1,781
(Increase) decrease in:				
Accounts receivable	-	(1,238)	-	(1,238)
Taxes receivable	1,806,871	-	-	1,806,871
Accounts payable	-	38,146	-	38,146
Net cash provided by (used in) operating activities	<u>\$ 2,052,935</u>	<u>\$ (103,760)</u>	<u>\$ 164,579</u>	<u>\$ 2,113,754</u>

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
September 30, 2008

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services
Assets				
Current assets:				
Cash and cash equivalents	\$ 68,886	\$ 3,850	\$ 107,812	\$ 75,073
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Prepays	-	-	-	-
Total current assets	68,886	3,850	107,812	75,073
Noncurrent assets:				
Capital assets being depreciated, net	41,098	-	28,019	28,371
Total assets	109,984	3,850	135,831	103,444
Liabilities				
Current liabilities:				
Accounts payable	28,634	-	-	3,998
Accrued expenses	4,186	3,850	-	2,520
Total liabilities (all current)	32,820	3,850	-	6,518
Net assets				
Invested in capital assets	41,098	-	28,019	28,371
Unrestricted	36,066	-	107,812	68,555
Total net assets	\$ 77,164	\$ -	\$ 135,831	\$ 96,926

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
\$ 1,061	\$ 21,175	\$ 8	\$ 221,368	\$ -	\$ 27,453	\$ 333,806	\$ (12,519)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,061	21,175	8	221,368	-	27,453	333,806	(12,519)
-	24,299	-	38,268	-	-	4,210	199,067
1,061	45,474	8	259,636	-	27,453	338,016	186,548
-	112	-	1,409	-	27,214	3,704	-
-	-	8	-	-	177	-	-
-	112	8	1,409	-	27,391	3,704	-
-	24,299	-	38,268	-	-	4,210	199,067
1,061	21,063	-	219,959	-	62	330,102	(12,519)
\$ 1,061	\$ 45,362	\$ -	\$ 258,227	\$ -	\$ 62	\$ 334,312	\$ 186,548

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COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds (Concluded)
September 30, 2008

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Assets					
Current assets:					
Cash and cash equivalents	\$ 190,071	\$ 576,403	\$ 313,336	\$ 30,000	\$ 66,005
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepays	-	-	152,220	-	-
Total current assets	190,071	576,403	465,556	30,000	66,005
Noncurrent assets:					
Capital assets being depreciated, net	-	-	-	-	6,502
Total assets	190,071	576,403	465,556	30,000	72,507
Liabilities					
Current liabilities:					
Accounts payable	-	91,586	44,117	-	2,012
Accrued expenses	-	2,391	-	-	-
Total current liabilities	-	93,977	44,117	-	2,012
Net assets					
Invested in capital assets	-	-	-	-	6,502
Unrestricted	190,071	482,426	421,439	30,000	63,993
Total net assets	\$ 190,071	\$ 482,426	\$ 421,439	\$ 30,000	\$ 70,495

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
\$ 21,420	\$ 317,823	\$ 441,331	\$ 849,613	\$ 1,714,991	\$ 999,282	\$ 6,368,248
-	202,610	-	-	-	-	202,610
-	19,407	-	-	-	-	19,407
6,472	-	-	-	-	-	6,472
-	-	-	-	-	-	152,220
27,892	539,840	441,331	849,613	1,714,991	999,282	6,748,957
5,098	-	-	-	-	-	374,932
32,990	539,840	441,331	849,613	1,714,991	999,282	7,123,889
313	-	-	18,900	-	-	221,999
811	-	-	-	-	719	14,662
1,124	-	-	18,900	-	719	236,661
5,098	-	-	-	-	-	374,932
26,768	539,840	441,331	830,713	1,714,991	998,563	6,512,296
\$ 31,866	\$ 539,840	\$ 441,331	\$ 830,713	\$ 1,714,991	\$ 998,563	\$ 6,887,228

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2008

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services
Operating revenue				
Charges for services	\$ 475,767	\$ 111,370	\$ 4,481	\$ 18,303
Reimbursements	-	-	-	650
Total operating revenue	475,767	111,370	4,481	18,953
Operating expense				
Cost of services	559,899	159,319	4,808	303,656
Depreciation	6,050	-	5,585	20,226
Total operating expense	565,949	159,319	10,393	323,882
Operating (loss) income	(90,182)	(47,949)	(5,912)	(304,929)
Non-operating revenue				
Interest earned on investments	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Non-operating revenue	-	-	-	-
Income before transfers	(90,182)	(47,949)	(5,912)	(304,929)
Other financing sources (uses)				
Transfers in	97,105	42,427	-	304,981
Transfers out	(4,425)	-	-	-
Total other financing sources (uses)	92,680	42,427	-	304,981
Change in net assets	2,498	(5,522)	(5,912)	52
Net assets, beginning of year	74,666	5,522	141,743	96,874
Net assets, end of year	<u>\$ 77,164</u>	<u>\$ -</u>	<u>\$ 135,831</u>	<u>\$ 96,926</u>

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
\$	-	\$ 145,123	\$ -	\$ 88,952	\$ -	\$ 444,424	\$ 45,544
-	-	-	-	-	-	10,522	-
-	145,123	-	88,952	-	444,424	112,463	45,544
1	21,994	5,623	33,459	(1)	369,323	53,122	1,988
-	6,159	-	13,303	-	-	3,794	123,773
1	28,153	5,623	46,762	(1)	369,323	56,916	125,761
(1)	116,970	(5,623)	42,190	1	75,101	55,547	(80,217)
5	189	-	-	-	-	-	-
-	-	-	-	-	-	-	2,136
5	189	-	-	-	-	-	2,136
4	117,159	(5,623)	42,190	1	75,101	55,547	(78,081)
-	-	5,042	-	-	-	-	115,598
-	(123,336)	(2,585)	-	(18,822)	(78,714)	(25,000)	-
-	(123,336)	2,457	-	(18,822)	(78,714)	(25,000)	115,598
4	(6,177)	(3,166)	42,190	(18,821)	(3,613)	30,547	37,517
1,057	51,539	3,166	216,037	18,821	3,675	303,765	149,031
\$	1,061	\$ 45,362	\$ -	\$ 258,227	\$ -	\$ 334,312	\$ 186,548

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COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Fund Net Assets
Internal Service Funds (Concluded)
For the Year Ended September 30, 2008

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Operating revenue					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 309
Reimbursements	44,559	2,584,390	322,209	-	534
Total operating revenue	44,559	2,584,390	322,209	-	843
Operating expense					
Cost of services	13,829	2,454,643	181,278	-	8,299
Depreciation	-	-	-	-	1,347
Total operating expense	13,829	2,454,643	181,278	-	9,646
Operating income (loss)	30,730	129,747	140,931	-	(8,803)
Non-operating revenue					
Interest earned on investments	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-
Non-operating revenue	-	-	-	-	-
Income before transfers	30,730	129,747	140,931	-	(8,803)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(25,000)	-	(25,000)	-	-
Total other financing sources (uses)	(25,000)	-	(25,000)	-	-
Change in net assets	5,730	129,747	115,931	-	(8,803)
Net assets, beginning of year	184,341	352,679	305,508	30,000	79,298
Net assets, end of year	\$ 190,071	\$ 482,426	\$ 421,439	\$ 30,000	\$ 70,495

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
\$ 78,358	\$ -	\$ -	\$ -	\$ 306,236	\$ 151,428	\$ 1,972,236
-	18,900	262,599	56,950	-	-	3,301,313
78,358	18,900	262,599	56,950	306,236	151,428	5,273,549
52,565	-	213,555	42,600	35,221	67,188	4,582,369
-	-	-	-	-	-	180,237
52,565	-	213,555	42,600	35,221	67,188	4,762,606
25,793	18,900	49,044	14,350	271,015	84,240	510,943
-	17,649	51,372	-	-	-	69,215
-	-	-	-	-	-	2,136
-	17,649	51,372	-	-	-	71,351
25,793	36,549	100,416	14,350	271,015	84,240	582,294
-	28,639	-	-	-	-	593,792
(7,929)	(15,000)	(25,000)	-	-	(25,000)	(375,811)
(7,929)	13,639	(25,000)	-	-	(25,000)	217,981
17,864	50,188	75,416	14,350	271,015	59,240	800,275
14,002	489,652	365,915	816,363	1,443,976	939,323	6,086,953
\$ 31,866	\$ 539,840	\$ 441,331	\$ 830,713	\$ 1,714,991	\$ 998,563	\$ 6,887,228

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2008

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services
Cash flows from operating activities				
Cash received from interfund services	\$ 475,767	\$ 111,370	\$ 4,481	\$ 18,953
Cash payments to suppliers for goods and services	(363,395)	(161)	(4,808)	(131,544)
Cash payments to employees	(190,589)	(157,705)	-	(169,719)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash (used in) provided by operating activities	(78,217)	(46,496)	(327)	(282,310)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash flows from non-capital financing activities				
Transfers in	97,105	42,427	-	304,981
Transfers out	(4,425)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) non-capital financing activities	92,680	42,427	-	304,981
	<hr/>	<hr/>	<hr/>	<hr/>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	-
Purchase of capital assets	(8,624)	-	-	(5,346)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used by capital and related financing activities	(8,624)	-	-	(5,346)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash flows from investing activities				
Purchases of investments	-	-	-	-
Interest received	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided by (used in) investing activities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	5,839	(4,069)	(327)	17,325
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, beginning of year	63,047	7,919	108,139	57,748
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, end of year	\$ 68,886	\$ 3,850	\$ 107,812	\$ 75,073
	<hr/>	<hr/>	<hr/>	<hr/>

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
\$ -	\$ 145,123	\$ 201	\$ 88,952	\$ -	\$ 444,424	\$ 112,463	\$ 45,544
(1)	(30,964)	(14,552)	(33,607)	(80)	(375,171)	(50,431)	(1,988)
-	-	(1,109)	-	-	(7,782)	-	-
(1)	114,159	(15,460)	55,345	(80)	61,471	62,032	43,556
-	-	5,042	-	-	-	-	115,598
-	(123,336)	(2,585)	-	(18,822)	(78,714)	(25,000)	-
-	(123,336)	2,457	-	(18,822)	(78,714)	(25,000)	115,598
-	-	-	-	-	-	-	2,136
-	-	-	(9,034)	-	-	-	(144,208)
-	-	-	(9,034)	-	-	-	(142,072)
-	-	-	-	-	-	-	-
5	189	-	-	-	-	-	-
5	189	-	-	-	-	-	-
4	(8,988)	(13,003)	46,311	(18,902)	(17,243)	37,032	17,082
1,057	30,163	13,011	175,057	18,902	44,696	296,774	(29,601)
\$ 1,061	\$ 21,175	\$ 8	\$ 221,368	\$ -	\$ 27,453	\$ 333,806	\$ (12,519)

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COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended September 30, 2008

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Cash flows from operating activities					
Cash received from interfund services	\$ 44,559	\$ 2,584,390	\$ 322,209	\$ -	\$ 843
Cash payments to suppliers for goods and services	(13,829)	(2,241,655)	(391,496)	-	(6,287)
Cash payments to employees	-	(100,225)	-	-	-
Net cash provided by (used in) operating activities	30,730	242,510	(69,287)	-	(5,444)
Cash flows from non-capital financing activities					
Transfers in	-	-	-	-	-
Transfers out	(25,000)	-	(25,000)	-	-
Net cash used by non-capital financial activities	(25,000)	-	(25,000)	-	-
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	-	-	-	-
Purchase of capital assets	-	-	-	-	-
Net cash used by capital and related financing activities	-	-	-	-	-
Cash flows from investing activities					
Purchases of investments	-	-	-	-	-
Interest received	-	-	-	-	-
Net cash provided by (used in) investing activities	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	5,730	242,510	(94,287)	-	(5,444)
Cash and cash equivalents, beginning of year	184,341	333,893	407,623	30,000	71,449
Cash and cash equivalents, end of year	\$ 190,071	\$ 576,403	\$ 313,336	\$ 30,000	\$ 66,005

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
\$ 90,824	\$ (507)	\$ 262,599	\$ 56,950	\$ 306,236	\$ 151,428	\$ 5,266,809
(24,165)	(25,725)	(213,555)	(23,700)	-	-	(3,947,114)
(41,839)	-	-	-	(36,059)	(70,173)	(775,200)
24,820	(26,232)	49,044	33,250	270,177	81,255	544,495
-	28,639	-	-	-	-	593,792
(7,929)	(15,000)	(25,000)	-	-	(25,000)	(375,811)
(7,929)	13,639	(25,000)	-	-	(25,000)	217,981
-	-	-	-	-	-	2,136
(5,098)	-	-	-	-	-	(172,310)
(5,098)	-	-	-	-	-	(170,174)
-	297,235	-	-	-	-	297,235
-	17,649	51,372	-	-	-	69,215
-	314,884	51,372	-	-	-	366,450
11,793	302,291	75,416	33,250	270,177	56,255	958,752
9,627	15,532	365,915	816,363	1,444,814	943,027	5,409,496
\$ 21,420	\$ 317,823	\$ 441,331	\$ 849,613	\$ 1,714,991	\$ 999,282	\$ 6,368,248

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COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended September 30, 2008

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services
Cash flows from operating activities				
Operating income (loss)	\$ (90,182)	\$ (47,949)	\$ (5,912)	\$ (304,929)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	6,050	-	5,585	20,226
(Increase) decrease in:				
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Prepays	-	-	-	-
Accounts payable	4,747	(88)	-	3,006
Accrued expenses	1,168	1,541	-	(613)
Due to other funds	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (78,217)</u>	<u>\$ (46,496)</u>	<u>\$ (327)</u>	<u>\$ (282,310)</u>

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
\$ (1)	\$ 116,970	\$ (5,623)	\$ 42,190	\$ 1	\$ 75,101	\$ 55,547	\$ (80,217)
-	6,159	-	13,303	-	-	3,794	123,773
-	-	201	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	13	(4)	(148)	(81)	(13,684)	2,691	-
-	-	(34)	-	-	54	-	-
-	(8,983)	(10,000)	-	-	-	-	-
\$ (1)	\$ 114,159	\$ (15,460)	\$ 55,345	\$ (80)	\$ 61,471	\$ 62,032	\$ 43,556

continued...

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
For the Year Ended September 30, 2008

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Cash flows from operating activities					
Operating income (loss)	\$ 30,730	\$ 129,747	\$ 140,931	\$ -	\$ (8,803)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	-	-	-	-	1,347
(Increase) decrease in:					
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepays	-	183,598	(84,278)	-	-
Accounts payable	-	(71,560)	(125,940)	-	2,012
Accrued expenditures	-	725	-	-	-
Due to other funds	-	-	-	-	-
Net cash provided by (used in) operating activities	\$ 30,730	\$ 242,510	\$ (69,287)	\$ -	\$ (5,444)

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
\$ 25,793	\$ 18,900	\$ 49,044	\$ 14,350	\$ 271,015	\$ 84,240	\$ 510,943
-	-	-	-	-	-	180,237
-	(19,407)	-	-	-	-	(19,206)
12,466	-	-	-	-	-	12,466
-	-	-	-	-	-	99,320
313	-	-	18,900	(838)	-	(180,661)
248	-	-	-	-	(2,985)	104
(14,000)	(25,725)	-	-	-	-	(58,708)
\$ 24,820	\$ (26,232)	\$ 49,044	\$ 33,250	\$ 270,177	\$ 81,255	\$ 544,495

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Fiduciary Funds
September 30, 2008

	Agency Funds					
	Central Payroll Processing	Central Accounts Payable	Trust and Agency	Trust and Agency Outside Accounts	Library Penal	Total
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 3,021,707	\$ 106,175	\$ 65,017	\$ 3,192,899
Due from other governments	-	-	518,684	-	-	518,684
Total assets	\$ -	\$ -	\$ 3,540,391	\$ 106,175	\$ 65,017	\$ 3,711,583
Liabilities						
Accounts payable	\$ -	\$ -	\$ 3,300,101	\$ 22,524	\$ 28	\$ 3,322,653
Due to other governments	-	-	240,290	-	-	240,290
Undistributed receipts	-	-	-	83,651	64,989	148,640
Total liabilities	\$ -	\$ -	\$ 3,540,391	\$ 106,175	\$ 65,017	\$ 3,711,583

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
September 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<i>Central Payroll Processing</i>				
Assets				
Cash and cash equivalents	\$ 31,886	\$ 18,396,952	\$ 18,428,838	\$ -
Accounts receivable	-	12,636,986	12,636,986	-
Total assets	<u>\$ 31,886</u>	<u>\$ 31,033,938</u>	<u>\$ 31,065,824</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 31,886	\$ 5,038,787	\$ 5,070,673	-
Due to other governments	-	2,289,992	2,289,992	-
Undistributed receipts	-	1,471,928	1,471,928	-
Total liabilities	<u>\$ 31,886</u>	<u>\$ 8,800,707</u>	<u>\$ 8,832,593</u>	<u>\$ -</u>
<i>Central Accounts Payable</i>				
Assets				
Accounts receivable	\$ 578	\$ 56,156,757	\$ 56,157,335	\$ -
Liabilities				
Bank overdraft	578	43,519,122	43,519,700	-
Accounts payable	-	12,636,986	12,636,986	-
Total liabilities	<u>\$ 578</u>	<u>\$ 56,156,108</u>	<u>\$ 56,156,686</u>	<u>\$ -</u>
<i>Trust and Agency</i>				
Assets				
Cash and cash equivalents	\$ 2,253,292	\$ 10,723,863	\$ 9,955,448	\$ 3,021,707
Due from other governments	743,136	1,363,509	1,587,961	518,684
Total assets	<u>\$ 2,996,428</u>	<u>\$ 12,087,372</u>	<u>\$ 11,543,409</u>	<u>\$ 3,540,391</u>
Liabilities				
Accounts payable	\$ 41,314	\$ 22,585,277	\$ 19,326,490	\$ 3,300,101
Due to other governments	2,955,114	10,199,363	12,914,187	240,290
Total liabilities	<u>\$ 2,996,428</u>	<u>\$ 32,784,640</u>	<u>\$ 32,240,677</u>	<u>\$ 3,540,391</u>

continued...

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Changes in Assets and Liabilities (Concluded)
All Agency Funds
September 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<i>Trust and Agency Outside Accounts</i>				
Assets				
Cash and cash equivalents	\$ 75,237	\$ 39,702	\$ 8,764	\$ 106,175
Liabilities				
Accounts payable	\$ -	\$ 22,524	\$ -	\$ 22,524
Undistributed receipts	75,237	24,052	15,638	83,651
Total liabilities	\$ 75,237	\$ 46,576	\$ 15,638	\$ 106,175
<i>Library Penal</i>				
Assets				
Cash and cash equivalents	\$ 49,679	\$ 201,978	\$ 186,640	\$ 65,017
Accounts receivable	-	199,724	199,724	-
Total assets	\$ 49,679	\$ 401,702	\$ 386,364	\$ 65,017
Liabilities				
Accounts payable	\$ -	\$ 364,281	\$ 364,253	\$ 28
Undistributed receipts	49,679	201,978	186,668	64,989
Total liabilities	\$ 49,679	\$ 566,259	\$ 550,921	\$ 65,017
<i>Total - All Agency Funds</i>				
Assets				
Cash and cash equivalents	\$ 2,410,094	\$ 29,362,495	\$ 28,579,690	\$ 3,192,899
Accounts receivable	578	68,993,467	68,994,045	-
Due from other governments	743,136	1,363,509	1,587,961	518,684
Total assets	\$ 3,153,808	\$ 99,719,471	\$ 99,161,696	\$ 3,711,583
Liabilities				
Accounts payable	\$ 73,200	\$ 40,647,855	\$ 37,398,402	\$ 3,322,653
Bank overdraft	578	43,519,122	43,519,700	-
Due to other governments	2,955,114	12,489,355	15,204,179	240,290
Undistributed receipts	124,916	1,697,958	1,674,234	148,640
Total liabilities	\$ 3,153,808	\$ 98,354,290	\$ 97,796,515	\$ 3,711,583

COUNTY OF NEWAYGO, MICHIGAN
Balance Sheet - Governmental Funds
Drain Commission Component Unit
September 30, 2008

	Drain	Drain Revolving	Brooks Lake Board
Assets			
Cash and cash equivalents	\$ 105,820	\$ 69,169	\$ 13,219
Special assessments receivable	208,788	-	17,860
Due from other funds	-	232,492	-
Total assets	<u>\$ 314,608</u>	<u>\$ 301,661</u>	<u>\$ 31,079</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	\$ 288	\$ -
Deferred revenue	208,788	-	17,860
Due to other funds	231,119	1,373	-
Advance from other funds	63,038	300,000	-
Total liabilities	502,945	301,661	17,860
Fund balances			
Unreserved, undesignated (deficit)	(188,337)	-	13,219
Total liabilities and fund balances	<u>\$ 314,608</u>	<u>\$ 301,661</u>	<u>\$ 31,079</u>

Hess Lake Improvement	Diamond Lake Board	Ryerson Lake Board	Engel Wright Lake Board	Total
\$ 63,402	\$ 15,607	\$ 32,267	\$ 15,357	\$ 314,841
11,554	23,722	26,250	3,015	291,189
-	-	-	-	232,492
\$ 74,956	\$ 39,329	\$ 58,517	\$ 18,372	\$ 838,522

\$ -	\$ -	\$ -	\$ -	\$ 288
11,554	23,722	26,250	3,015	291,189
-	-	-	-	232,492
-	-	-	-	363,038
11,554	23,722	26,250	3,015	887,007
63,402	15,607	32,267	15,357	(48,485)
\$ 74,956	\$ 39,329	\$ 58,517	\$ 18,372	\$ 838,522

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Component Unit Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Drain Commission Component Unit
September 30, 2008

Fund balances - total governmental funds	\$ (48,485)
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets being depreciated, net	219,376
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Certain assets, such as special assessments receivable, are not due and receivable in the current period and therefore are offset with deferred revenue in the fund statements.

Add: deferred revenue on special assessments receivable	<u>291,189</u>
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Net assets	<u><u>\$ 462,080</u></u>
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COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures
and Changes in Fund Balances - Governmental Funds
Drain Commission Component Unit
For the Year Ended September 30, 2008

	Drain	Drain Revolving	Brooks Lake Board
Revenue			
Interest	\$ 4,717	\$ -	\$ -
Special assessments	261,822	-	3,712
Total revenue	266,539	-	3,712
Expenditures			
Public works	241,375	-	8,485
Net changes in fund balances	25,164	-	(4,773)
Fund balances (deficit), beginning of year	(213,501)	-	17,992
Fund balances (deficit), end of year	\$ (188,337)	\$ -	\$ 13,219

Hess Lake Improvement	Diamond Lake Board	Ryerson Lake Board	Engel Wright Lake Board	Total
\$ -	\$ -	\$ -	\$ -	\$ 4,717
9,757	12,422	26,250	16,650	330,613
9,757	12,422	26,250	16,650	335,330
10,578	21,612	16,174	5,423	303,647
(821)	(9,190)	10,076	11,227	31,683
64,223	24,797	22,191	4,130	(80,168)
\$ 63,402	\$ 15,607	\$ 32,267	\$ 15,357	\$ (48,485)

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances of Component Unit Funds
to the Statement of Activities
Drain Commission Component Unit
For the Year Ended September 30, 2008

Net change in fund balances - total governmental funds	\$ 31,683
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Amounts reported for *governmental activities* in the statement of activities are

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Deduct: depreciation expense	(24,414)
------------------------------	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Deduct: change in special assessments receivable	<u>(263,844)</u>
--	------------------

Change in net assets	<u><u>\$ (256,575)</u></u>
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COUNTY OF NEWAYGO, MICHIGAN
Balance Sheet/Statement of Net Assets
Brownfield Redevelopment Authority Component Unit
September 30, 2008

	Governmental Fund	Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	\$ 31,700	\$ -	\$ 31,700
Special assessments receivable	-	-	-
Due from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 31,700</u>	<u>\$ -</u>	<u>31,700</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 11,029	\$ -	11,029
Deferred revenue	-	-	-
Due to other funds	-	-	-
Advance from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	11,029	-	11,029
Fund balance			
Unreserved	<u>20,671</u>	<u>(20,671)</u>	
Total liabilities and fund balance	<u>\$ 31,700</u>		
Net assets			
Unrestricted		<u>\$ 20,671</u>	<u>\$ 20,671</u>

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes
in Fund Balance/Statement of Activities
Brownfield Redevelopment Authority Component Unit
For the Year Ended September 30, 2008

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenue			
Contributions	\$ 55,000	\$ -	\$ 55,000
Expenditures/expenses			
Current:			
Community and economic development	<u>34,329</u>	<u>-</u>	<u>34,329</u>
Net changes in fund balance/net assets	20,671	-	20,671
Fund balance/net assets			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u><u>\$ 20,671</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,671</u></u>

COUNTY OF NEWAYGO, MICHIGAN



SINGLE AUDIT ACT COMPLIANCE

For the Year Ended September 30, 2008

NEWAYGO COUNTY, MICHIGAN SINGLE AUDIT ACT COMPLIANCE

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NEWAYGO COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2008

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed-through the Michigan State Housing Development Authority: Community Development Block Grant	14.228	MSC-2006-0789-HOA	\$ 139,320
Community Development Block Grant	14.228	MSC-2008-0789-HOA	<u>24,849</u>
Total U.S. Department of Housing and Urban Development			<u>164,169</u>
U.S. Department of Justice			
Passed-through the Michigan Department of Human Services:			
Juvenile Accountability Block Grant	16.523	JABGN-07-62001	5,512
Juvenile Accountability Block Grant	16.523	JABGN-08-62001	11,064
2007 State Criminal Alien Assistance Program	16.606	-n/a-	4,677
Byrne Memorial Formula Grant Program	16.738	70984	<u>36,933</u>
Total U.S. Department of Justice			<u>58,186</u>
U.S. Department of Transportation			
Passed-through the Michigan Department of Transportation: Capital Assistance Program for Elderly Persons and Person with Disabilities	20.513	-n/a-	32,339
2006 Hazardous Materials Emergency Planning Grant	20.703	-n/a-	<u>2,661</u>
Total U.S. Department of Transportation			<u>35,000</u>
U.S. Department of Health and Human Services			
Passed-through the National Association of County and City Health Officials:			
Building and Capacity Award	93.008	-n/a-	5,000
Passed-through the Michigan Department of Human Services:			
Incentive Payments	93.563	-n/a-	77,320
Child Support Enforcement:			
Friend of the Court	93.563	CS/FOC-08-62001	427,865
Prosecuting Attorney	93.563	CS/PA-08-62002	<u>114,802</u>
Total U.S. Department of Health and Human Services			<u>619,987</u>

continued....

NEWAYGO COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (Concluded)
For the Year Ended September 30, 2008

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Homeland Security			
Passed through the Michigan Department of State Police:			
Emergency Management Performance Grant	97.042	-n/a-	\$ 20,671
2006 Homeland Security Grant - Solution Planner	97.067	-n/a-	18,458
2007 Homeland Security Grant - Solution Planner	97.067	-n/a-	3,433
2006 Homeland Security Grant - Full Scale Exercise	97.067	-n/a-	6,536
2006 Homeland Security Grant - Equipment	97.067	-n/a-	13,825
2007 Homeland Security Grant - Training	97.067	-n/a-	<u>3,490</u>
Total U.S. Department of Homeland Security			<u>66,413</u>
Total Expenditures of Federal Awards			<u><u>\$ 948,755</u></u>

NEWAYGO COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Newaygo County, Michigan (the "County"). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note I of the County's financial statements.

Amounts presented on the Schedule of Expenditures of Federal Awards agree with or reconcile to amounts presented in the financial statements.

* * * * *

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

January 23, 2009

To the Board of Commissioners
of Newaygo County, Michigan
Newaygo, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Newaygo, Michigan***, as of and for the year ended September 30, 2008, which collectively comprise the basic financial statements, and have issued our report thereon dated January 23, 2009. We issued an adverse opinion on the aggregate discretely presented component units for the omission of the Newaygo County Road Commission and Medical Care Facility, which are required to be a part of the County's financial reporting entity. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Newaygo, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Newaygo, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Newaygo, Michigan's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed in the schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider finding 2008-1 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Newaygo County, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Newaygo County, Michigan in a separate letter dated January 23, 2009.

Newaygo County, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Newaygo County, Michigan's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is positioned in the lower right area of the page.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

January 23, 2009

To the Board of Commissioners
of Newaygo County, Michigan
Newaygo, Michigan

Compliance

We have audited the compliance of the ***County of Newaygo, Michigan*** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. The County of Newaygo, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Newaygo, Michigan's management. Our responsibility is to express an opinion on the County of Newaygo, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*,¹² issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Newaygo, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Newaygo, Michigan's compliance with those requirements.

In our opinion, the County of Newaygo, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the County of Newaygo, Michigan is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Newaygo, Michigan's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Newaygo Michigan's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-2 and 2008-3 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Newaygo, Michigan***, as of and for the year ended September 30, 2008, which collectively comprise the basic financial statements, and have issued our report thereon dated January 23, 2009. We issued an adverse opinion on the aggregate discretely presented component units for the omission of the Newaygo County Road Commission and Medical Care Facility, which are required to be a part of the County's financial reporting entity. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Newaygo County, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Newaygo County, Michigan's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Newaygo County, Michigan's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

NEWAYGO COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified for all opinion units of the primary government. Adverse opinion on the discretely presented component units for the omission of the Road Commission and Medical Care Facility.

Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☒ yes ☐ none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? ☐ yes ☒ no

NEWAYGO COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended September 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.563	Title IV-D
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	_____ yes <u> x </u> no

SECTION II – FINANCIAL STATEMENT FINDINGS

2008-1 - Material Audit Adjustments

Criteria:	Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).
Condition:	During our audit, we identified and proposed a material adjustment (which was approved and posted by management) to adjust health insurance expense for a check written on October 1, 2008 but recorded as of September 30, 2008.
Cause:	This condition was the result of an oversight by management in entering dates of wire transfers at year-end.
Effect:	As a result of this condition, the County's accounting records were initially misstated by an amount material to the financial statements.
Recommendation:	We recommend that the County pay special attention to the posting date of transaction, especially at year-end.

NEWAYGO COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended September 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2008-1 - Material Audit Adjustments (continued)

View of Responsible Officials:	The timing of the execution of this item has been noted by management and procedures have been developed to prevent similar conditions from occurring in the future.
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SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2008-2 – Internal Controls over Eligibility
U.S. Department of Health and Human Services
CFDA# 93.563 – Title IV-D

Criteria:	Grant recipients are required to have a process for determining whether individuals receiving assistance with such funding meet eligibility requirements as set by the grantor agency. In the case of this program, the number of eligible individuals directly affects the reimbursement received by the County. Individuals receiving services may not be included in the case count used for reimbursement until all required eligibility documentation is obtained.
Condition:	During our audit, we selected a sample of 40 individuals receiving assistance under the Title IV-D program. Of this sample, four files initially lacked evidence of eligibility. While supporting documentation was subsequently obtained for each of these cases, the County inappropriately included two individuals in its Title IV-D case count prior to obtaining required documentation establishing that eligibility.
Cause:	The condition was caused by an improperly designed process at the Friend of the Court for tracking whether signed IV-D applications are returned and filed before such cases are used for reimbursement purposes.
Effect:	As a result of this condition, the County is exposed to the risk that the case counts used as the basis for its reimbursement requests may be inaccurate and result in overpayments from the grantor agency.

NEWAYGO COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended September 30, 2008

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2008-2 – Internal Controls over Eligibility (Continued)

Questioned Costs:	No costs were questioned as a result of this finding inasmuch as the error in the eligible case count resulted in an inconsequential amount of over-reimbursement to the County for the period audited.
Recommendation:	We recommend that the County revise its procedures related to determining eligibility to ensure that (1) case files contain appropriate documentation to support eligibility, and (2) individuals are not included in the case count for eligible services prior to such documentation being obtained and filed.
View of Responsible Officials:	Three of the four cases being identified as non-IV-D were subsequently confirmed as being IV-D to the auditors. The fourth case did not have the IV-D request form on file, but letters had been sent to this individual requesting return of the IV-D form and she had not responded. This lack of cooperation was resolved by sending staff to her home to get her signature.

2008-3 – Documentation for Personnel Costs U.S. Department of Health and Human Services CFDA# 93.563 – Title IV-D

Criteria:	Personnel charges to federal programs (such as Title IV-D) must be documented for co-funded and 100% funded staff in compliance with OMB Circular A-87, Attachment B, Item 8h.
Condition:	The District charged two co-funded employees to the Title IV-D grant based on pre-determined budgeted percentages. These employees did not complete timesheets or time studies to support the percentages charged.
Cause:	The condition was caused by a reliance on a third-party provider to prepare the IV-D financial status reports, without sufficient review and approval by County personnel.
Effect:	As a result of this condition, the County was unable to produce appropriate supporting documentation for the personnel costs identified above.

NEWAYGO COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended September 30, 2008

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

2008-3 – Documentation for Personnel Costs (Continued)

Questioned Costs:	Salaries and benefits for these employees, at the 66% reimbursement rate, amounted to \$34,929.
Recommendation:	We recommend that the County review the documentation requirements for personnel being charged to federal grants, and carefully review monthly reimbursement reports completed by the third party provider for accuracy.
View of Responsible Officials:	The Newaygo County Friend of the Court and representatives from MAXIMUS had been in negotiations with the State for nearly six months at the time of the audit. Those negotiations were finalized at a meeting on December 29, 2008 with appropriate Office of Child Support staff, and a verbal agreement as to how to proceed with the budget percentages of the questioned employees was reached at that meeting.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

2007-1 Material Audit Adjustment

The finding was repeated for an unrelated adjustment identified in the current year. Refer to finding 2008-1.

* * * * *

January 23, 2009

To the Board of Commissioners
Newaygo County
White Cloud, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Newaygo County, Michigan* (the "County") for the year ended September 30, 2008, and have issued our report thereon dated January 23, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated October 28, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated October 28, 2008 and our planning meeting on December 1, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the original cost and accumulated depreciation of its infrastructure capital assets placed in service prior to the adoption of GASB Statement No. 34 is based on current replacement costs, and an assumed rate of inflation from the dates of original acquisition/construction.
- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, we identified a material adjustment, which was approved by management, to adjust health insurance expense to actual. This transaction is described more fully in the County's schedule of findings and questioned costs.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 23, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of *Newaygo County, Michigan* and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

NEWAYGO COUNTY, MICHIGAN

Comments and Recommendations

For the Year Ended September 30, 2008

In planning and performing our audit of the financial statements of Newaygo County, Michigan (the "County") as of and for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be material weaknesses are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

Other Matters

Reconciliation of Cash and Investment Accounts (Repeat Comment)

As part of our audit of the County's cash balances, we examined copies of the monthly bank reconciliations prepared by the County Treasurer's office. Based on our review, it appears that reconciliations are being performed timely. However, there still remain many reconciling items that are very old, and may require further adjustment to properly state the County's actual cash balances. While the amounts involved are not material to the County's financial statements taken as a whole, we would nevertheless encourage the Treasurer's office to continue its efforts to identify and clear old reconciling items. In general, any checks still outstanding after one year should be escheated to the State Treasurer's office, in accordance with applicable statutes. We understand that the

NEWAYGO COUNTY, MICHIGAN

Comments and Recommendations

For the Year Ended September 30, 2008

Treasurer's office was already well underway with this endeavor before we began our audit, and would like to commend the County for its efforts thus far, and encourage it to continue this process until all of the County's accounts are completely free from noncurrent reconciling items. In addition, we noted that bank reconciliations are not currently subject to signed, independent review and approval. Based on our inquiries, we understand that such a review is taking place; however we encourage the County to begin documenting this review by initially and dating the reconciliations.

Departmental Review of Capital Asset Records (Repeat Comment)

During the prior year, the Board adopted policies for purchasing and disposing of capital assets. These policies set guidelines for departments to follow when it is determined that an asset is no longer in use. However, the capital assets records are only being reviewed by the finance department, which may not be aware of disposals in other departments. We recommend that in future years, the capital asset listing be distributed to all departments with such assets to determine whether older items are still in the County's possession, and whether all current year purchases have been properly capitalized in accordance with the County's policy.

Internal Controls over Information Technology

During our audit, we reviewed with management a list of recommended information technology ("IT") controls. We noted various opportunities to enhance controls over IT as it relates to disaster recovery and formal IT policies and procedures. We recommend that the County review the suggested controls not currently in place and determine whether it would be cost beneficial to revise such controls in the future.

Accumulation of Resources in Internal Service Funds

The County has been setting aside significant funds in its internal service funds for future payment of long-term employee benefits. By holding these resources in internal service funds, rather than trust funds, the County is forgoing certain benefits, such as protecting these resources from claims of creditors, and less restrictive investments options. Where appropriate, we recommend that the County consider contributing these accumulated resources to a legally-established trust, where they will be held for the exclusive benefit of employees.

NEWAYGO COUNTY, MICHIGAN

Comments and Recommendations

For the Year Ended September 30, 2008

Internal Controls over Preparation of the Schedule of Expenditures of Federal Awards

The County expends in excess of \$500,000 in federal awards each year, and as such is subject to a single audit in accordance with OMB Circular A-133. In connection with the single audit, we are required to evaluate the size and risks of each federal award expended, and determine which individual grants will be selected for major program testing. The County was unable to provide us with a complete, accurate schedule of expenditures of federal awards until the final day of audit fieldwork, which substantially limited our ability to make these determinations in a timely manner. We recommend that the County invest additional resources into this process as it is vital to the timeliness and accuracy of the single audit report.

* * * * *

Newaygo County
Schedule of Adjustments Passed (SOAP)
For the September 30, 2008 Audit

In accordance with the provisions of SAS 89, *Audit Adjustments*, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. Also in accordance with SAS 89, we are providing this schedule to both management and the audit committee to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Fund Balance	Revenue	Expenses/ Expenditures
General Fund					
Prior year variance between taxes receivable subsidiary detail and the general ledger	\$ -	\$ -	\$ (5,752)	\$ 5,752	\$ -
County Jail					
Prior year variance between A/P subsidiary detail and the general ledger	-	-	(1,400)		(1,400)
Internal Service Funds					
Effect of not recording capital assets in the internal service funds and instead as government-wide adjustments	(17,650)	-	(18,330)	-	(680)
Governmental Activities					
Effect of general fund and county jail items	-	-	(7,152)	5,752	(1,400)
Effect of not capitalizing title fees as part of land purchase	(13,038)	-	-	-	13,038
Total governmental activities	\$ (13,038)	\$ -	\$ (7,152)	\$ 5,752	\$ 11,638
Fiduciary Funds					
Variance between subsidiary detail for prior year chargebacks receivable and the general ledger	\$ (67,669)	\$ (67,669)	\$ -	\$ -	\$ -



Office of Administration

P.O. BOX 885
1087 NEWELL
WHITE CLOUD, MICHIGAN 49349
FAX (231) 689-7205
PHONE (231) 689-7234

January 23, 2009

Rehmann Robson
2330 East Paris Ave. SE
Grand Rapids, MI 49546

We are providing this letter in connection with your audit of the financial statements of *Newaygo County, Michigan* as of September 30, 2008 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Newaygo County, Michigan and the respective changes in financial position and, where applicable, cash flows thereof in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of January 23, 2009 the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all—
 - a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.

5. We are in agreement with the adjusting journal entries you have proposed, and they have been posted. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, you have proposed adjusting journal entries that have been posted. We are in agreement with those adjustments.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
11. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
12. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
13. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and affiliated governmental units that are not included in the financial statements as part of the reporting entity.
 - b. Guarantees, whether written or oral, under which the County is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.

14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
15. There are no—
 - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Financial Accounting Standards Board (FASB) Statement No. 5 or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
 - d. Reservations or designation of fund equity that were not properly authorized and approved.
16. As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
17. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
18. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
19. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
20. The financial statements properly classify all funds and activities.
21. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.


22. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
28. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
29. Required supplementary information (RSI) is measured and presented within prescribed guidelines.
30. With respect to federal award programs:
 - a. We are responsible for complying and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
 - b. We have, in accordance with OMB Circular A-133, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - c. We are responsible for complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.
 - d. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in

internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies (including material weaknesses) reported in the schedule of findings and questioned costs.

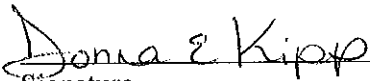
- e. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to major federal programs.
- f. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- g. We have complied, in all material respects, with the compliance requirements, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
- h. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- i. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- j. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- k. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- l. We have charged costs to federal awards in accordance with applicable cost principles.
- m. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- n. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- o. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133, and we are responsible for preparing and implementing a corrective action plan for each audit finding.

- p. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.


Signature

Tobi G. Lake, County Administrator
Title


Signature

Donna E. Kipp, Finance Director
Title